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Mahindra & Mahindra Limited

Subsidiary Annual Report 2016-17 (Part 2)

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8	Mahindra Heavy Engines Limited	170
9	Mahindra Vehicle Manufacturers Limited	216
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11	Ssangyong Motor Company	311
12	Ssangyong European Parts Center B.V.	350
13	Ssangyong Motor (Shanghai) Company Limited	362
14	Mahindra International UK Ltd	383
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69	Mahindra Airways Limited	2023
70	Mahindra 'Electoral Trust' Company	2043
71	Auto Digitech Private Limited (Formerly known as Mahindra Punjab Tractors Private Limited)	2060
72	Mahindra First Choice Services Limited	2090
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74	Mahindra Telephonics Integrated Systems Limited	2203
75	Defence Land Systems India Limited	2249
76	Mahindra Defence Naval Systems Private Limited	2293
77	Mahindra Defence Systems Limited	2336
78	Mahindra Emirates Vehicle Armouring FZ-LLC	2376
79	Retail Initiative Holdings Limited	2392
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84	Mahindra Susten Private Limited	2599
85	MachinePulse Tech Private Limited	2652
86	Mahindra Renewables Private Limited	2677
87	Mahindra Suryaurja Private Limited	2721
88	Cleansolar Renewable Energy Private Limited	2747
89	Divine Solren Private Limited	2783
90	Neo Solren Private Limited	2819
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Subsidiary Companies

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131	Mahindra Hotels and Residences India Limited	3962
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DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Third Report together with the audited financial statements of your Company for the year ended on 31st March, 2017.

FINANCIAL HIGHLIGHTS (` in lakh)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Total Income	**–**	–
Profit/(Loss) Before Depreciation, Finance Cost and Taxation	**174.85**	(28.28)
Less: Depreciation	**0.45**	–
Profit/(Loss) Before Finance Cost and Taxation	**174.40**	(28.28)
Less: Finance Cost	**(383.39)**	(104.74)
Profit/(Loss) Before Taxation	**(208.99)**	(133.02)
Less: Provision for Taxation	**–**	–
Profit/(Loss) for the year after Taxation	**(208.99)**	(133.02)
Add: Balance of Profit/(Loss) for earlier years	**(134.12)**	(1.10)
Balance carried forward to the Balance Sheet	**(343.11)**	(134.12)

Indian Accounting Standards

The financial statements for the financial year 2016-17 have been prepared in accordance with applicable Indian Accounting Standards (Ind-AS) and the corresponding figures for the previous year have been restated as per Ind-AS for the purpose of comparison.

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.

Operations/State of the company's affairs

The Company was incorporated as a subsidiary of Mahindra World City Developers Limited (MWCDL) in FY 2015. Subsequently, MWCDL signed a Joint Venture agreement with Sumitomo Corporation, Japan (SC), thereby making MIPCL a 60:40 joint venture company between MWCDL and SC. MIPCL is developing an Industrial Park with a project area of 264 acres in North Chennai on the NH-16 (Chennai–Kolkata highway) corridor.

On the development front, the Company has secured environmental clearances. It has also received in-principle approval for commencement of construction activities from the relevant authority.

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 based on going concern status of the Company.

Share Capital

As at 31st March 2017, authorised equity share capital of your company was ` 17,000 lakh and Paid-up equity share capital of the company was ` 17,000 lakh.

Presently, the 60% (` 10,200 lakh) of the paid-up share capital of your Company is held by Mahindra World City Developers Limited and 40% (` 6,800 lakh) is held by Sumitomo Corporation, Japan.

During the year, the Company has neither issued any equity shares or equity shares with differential rights or any sweat equity share nor granted employee stock options.

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 2015-16) and at the close of the current financial year (FY 2016-17) was ` 17,766 lakh and ` 17,557 lakh respectively.

Holding Company

The 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. However for the purpose of Ind-AS based on which the financials statements are drawn up this company is

a Joint Venture since this entity is jointly controlled by the two shareholders Mahindra World City Developers Ltd (MWCDL) and Sumitomo Corporation, Japan

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 31st March, 2017, 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.Akito Shiraishi	07418849	Director
Mr. Shigeo Fukuda	07575473	Director
Mr. Ajay Sethi	00212958	Independent Director
Mr. R. Santhanam	00237740	Independent Director
Mr. C V Krishnan	01606522	Independent Director

During the year, Mr. Eisuke Nakanishi (DIN:07410922) resigned from the Directorship with effect from 14th October 2016. Mr. S. Chandru resigned from the Directorship with effect from 14th April 2017.The Board places on record its sincere appreciation of their association with the Company.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Akito Shiraishi (DIN : 07418849) Non-Executive and Non-Independent Directors retire by rotation at the Third Annual General Meeting of the Company and being eligible have offered himself for re-appointment. Mr. Akito Shiraishi is 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. Ajay Sethi	13th April, 2016	Independent Director
2	Mr. R. Santhanam	13th April, 2016	Independent Director
3	Mr. C V Krishnan	13th April, 2016	Independent Director
4	Mr. Shigeo Fukuda	14th October, 2016	Non-Executive Non-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:

Sr. No.	Name of the person	Date of Appointment	Designation
1	Shyam Sundar Kalyanasundaram	13th April, 2016	Chief Executive Officer designated as Business Head
2	Aman Jayesh Desai	19th January 2017	Company Secretary

Mr. Siddarth Chandrasekhar was appointed as Chief Financial Officer on 11th February 2016 and resigned with effect from 19th January 2016. The Company is in process of identifying a suitable candidate for the position of the 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 31st March, 2016, the Audit Committee was reconstituted with effect from 13th April 2016 comprising of three Independent Directors, namely Mr. C V Krishnan, Mr. R. 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 31st March, 2016, the Nomination and Remuneration Committee was re-constituted w.e.f. 13th April, 2016, comprising of two Independent Directors, namely Mr. R. Santhanam, Mr. Ajay Sethi and two Non-Executive Non-Independent directors, Ms. Sangeeta Prasad and Mr. Akito Shiraishi. Ms. Sangeeta Prasad is the Chairperson 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**)

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.

Meeting of Independent Directors

The Independent Directors of the Company met without the presence of the 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, 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.

Corporate Social Responsibility (CSR) Committee

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, five (5) Board Meetings were convened on 7th April 2016, 13th April 2016, 15th July 2016, 14th October 2016 and 19th January 2017.

During the year, four (4) Audit Committee meetings had been convened and held on the following dates :

13th April, 2016, 15th July, 2016, 14th October, 2016 and 19th January, 2017

During the year, five (5) meetings of the Nomination &Remuneration Committee had been convened and held on 7th April 2016, 13th April 2016, 15th July, 2016, 14th October, 2016 and 19th January, 2017.

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	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1	Ms. Anita Arjundas	5	4	NA
2	Ms Sangeeta Prasad	4	NA	4
3	Mr. S Chandru	4	NA	NA
4	Mr. Eisuke Nakanishi*	2	NA	NA
5	Mr. Akito Shiraishi	5	4	4
6	Mr. Shigeo Fukuda**	2	NA	NA
7	Mr. Ajay Sethi	2	2	2
8	Mr. R. Santhanam	4	4	4
9	Mr. C.V. Krishnan	2	2	NA

Note: * Resigned with effect from 14th October, 2016
**Appointed with effect from 14th October, 2016

The previous Annual General Meeting of the Company was held on 15th July, 2016.

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.

During the year, due to the changes in the business environment and the governance landscape, the Code of Conduct of the Company for Senior Management and Employees was revised.

The Company has for the financial year 2016-17, 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(5) 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 31st March, 2017 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 the Companies Act, 2013, 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.

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. Deloitte Haskins and Sells LLP., Chartered Accountants, Chennai were appointed as auditors for a term of five consecutive years from the conclusion of 1st Annual General Meeting held on 14th July, 2015 till the conclusion of the 6th Annual General meeting of the Company to be held in 2020.

As of 31st March, 2016, paid up share capital of the Company was `17,000 lakh, i.e. more than ` 1,000 lakh 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 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 2 years 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 3rd Annual General Meeting till the conclusion of the 7th 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 Section 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.

The requirements of having cost auditor is 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 2016-17. The Secretarial Audit report for the financial year ended 31st March, 2017 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 good corporate governance, the Audit Committee and the Board of Directors at its meeting held on 13th April, 2016 has established 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 Chairperson 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 Chairperson 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 Real Estate Development, 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 said provisions are also not applicable to acquisition of shares if allotted in pursuance of Section 62(1)(a) of the Act. 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.

Deposits, Loans and Advances

During the year, your Company has not accepted any deposits 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 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 year 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 Holding company Mahindra World City Developers Ltd,Sumitomo Corporation 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

Place: Chennai
Date: 15th April, 2017

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

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 sprit 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

Place: Chennai
Date: 15th April, 2017

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

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.

Anita Arjundas
Chairperson
DIN : 00243215

Place: Chennai
Date: 15th April, 2017

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Policy on Remuneration of Key Managerial Personnel and Employees

This Policy is 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.

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 15th April, 2017

ANNEXURE 4
SECRETARIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[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 – 600 002

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 31.03.2017, 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 31.03.2017, according to the provisions of The Companies Act, 2013 (the Act) and the rules made thereunder and we report that the Company has generally 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 Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996.

(ii) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations

(iii) The Ownership Flats & Apartment Ownership Act as applicable at various locations

(iv) The Environment Protection Act, 1986

(v) The Special Economic Zone Act, 2005 and rules thereunder

(vi) The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986

(vii) The Co-operative Societies Act, as applicable at various locations

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 generally 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 31.03.2017**, the Board consists of Ms. Anita Arjundas, Mr. Sethuraman Chandru, Ms. Sangeeta Prasad, Mr. Akito Shiraishi, Mr. Shigeo Fukuda as Directors, Mr. Ajay Sethi, Mr. Rajagapolan Santhanam, Mr. C V Krishnan as Independent Directors of the Company.

As on 31.03.2017, the Key Managerial Personnel of the Company comprises of Mr. Aman Jayesh Desai as Company Secretary and Mr. Kalyanasundaram Shyam Sundar as CEO of the Company.

Adequate notices were given to all directors for the Board Meetings, agenda and detailed notes on agenda were also 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 have taken place –

1. The Board of Directors at its Board Meeting held on 07.04.2016 made appointment of M/s. M.K. Surana & Co, Practicing Company Secretaries as the Secretarial Auditor of the Company for conducting Secretarial Audit for the

Financial Year 2015-2016 pursuant to Section 179(3) and Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The e-form MGT-14 was filed with ROC on 13.05.2016.

2. The Board of Directors approved the Financial Statements (Balance sheet of the company as at 31st March 2016 and the Profit & Loss Account for the year ended 31.03.2016) pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014. The necessary e-Form MGT-14 was filed with ROC on 14.05.2016.
3. The Board of Directors approved the Board's Report along with the other reports, annexure and attachments for the financial year ended 31st March 2016 pursuant to Section 179(3) read with Rule 8 of Companies (Meetings of Board and its Powers) Rules, 2014. The necessary e-Form MGT-14 was filed with ROC on 14.05.2016 and the financial statements were filed in e-Form AOC-4 (XBRL) on 26.10.2016 with ROC.
4. The Board of Directors at its Board Meeting held on 13.04.2016 appointed Mr. Shyam Kalyanasundaram as CEO and KMP of the Company with effect from 13.04.2016 pursuant to provisions of section 178,179 and 203. The necessary e-forms MGT-14, DIR-12 and MR-1 were filed with ROC on 14.05.2016, 12.05.2016 and 07.06.2016 respectively.
5. Shareholders' approval was accorded in the EGM held on 13th April 2016 pursuant to provisions of section 149,150 and 152 for appointment of Mr. Ajay Sethi, Mr. C V Krishnan and Mr. Rajagopalan Santhanam as Independent Directors of the Company. Necessary e-form DIR-12 was been filed with ROC on 12.05.2016.
6. The Board of Directors at its Board Meeting held on 15.07.2016 made appointment of M/s. M.K. Surana & Co, Practicing Company Secretaries as the Secretarial Auditor of the Company for conducting Secretarial Audit, for the Financial Year 2016-2017 pursuant to section 179(3) and section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the necessary e-form MGT-14 was filed with ROC on 08.08.2016.
7. Pursuant to Section 77, 78 and 79 of the Companies Act, 2013 and Rule 3(1) of the Companies (Registration of Charges) Rules 2014, Charge was modified on Immovable Property with HDFC Bank Limited on 01.08.2016 to enable MIPCL to gift to TANGEDCO to erect substation and necessary e-form CHG-1 was filed with ROC on 30.09.2016 with additional fees.
8. The Company had filed Annual Return pursuant to section 92 of the Companies Act, 2013 and necessary e-form MGT-7 was filed with ROC along with Certificate in Form MGT- 8 pursuant to Section 92(2) of the Companies Act, 2013 and Rule 11(2) of Companies (Management and Administration) Rules, 2014 on 28.10.2016.
9. 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 14.10.2016 appointed M/s. Ernst & Young LLP as Internal Auditor of the Company for the Financial year 2016-2017 and the necessary e-form MGT-14 was filed with ROC on 11.11.2016.
10. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, the Board of Directors at its Board Meeting held on 14.10.2016 appointed Mr. Shigeo Fukuda as Additional Director of the Company and the necessary e-form DIR-12 was filed with ROC on 19.11.2016 with additional fees.
11. Mr. Eisuke Nakanishi resigned from the Board of Directors with effect from 14.10.2016 and the both e-form DIR-11 and DIR-12 was filed with ROC on 19.11.2016 with additional fees.
12. Shareholders' approval was accorded in the EGM held on 21.11.2016 pursuant to provisions of section 152,160 and 161 for regularizing the appointment of Mr. Shigeo Fukuda as Director of the Company and the necessary e-form DIR-12 was filed with ROC on 14.12.2016.
13. Mr. Chandrasekhar Siddharth resigned from the post of CFO of the company with effect from 19.01.2017. Mr. Aman Jeyash Desai was appointed as Company Secretary of the company with effect from 19.01.2017 and the necessary e-form DIR-12 and e-form MGT-14 (both) were filed with ROC on 15.02.2017.
14. Pursuant to the Section 89(6) of the Companies Act, 2013 and pursuant to rule 9(3) of the Companies (Management and Administration Rules) 2014, Form MGT-6 was filed with ROC on 03.03.2017.
15. The Company has been generally compliant in paying the statutory dues to Income Tax Department and also generally deducts TDS on all applicable employees as required under Income Tax Act, 1961.
16. The Company has been generally compliant in making payments as prescribed in The Employees' Provident Funds and Miscellaneous Provision Act, 1952.
17. Pursuant to the provisions of RBI Guidelines, Foreign Exchange Management Act (as amended), FDI Guidelines issued by the Government of India and provisions relating to automatic route there under (collectively, the "Act") the company had allotted 68,000,000 Equity Shares of `10/- each at a premium to Sumitomo Corporation, Japan and the necessary e-Form PAS-3 was filed with ROC. Required Annexure – 6 was also filed manually with the AD Bank and e-Form FC- GPR was also filed with RBI in compliance with FEMA. The UIN Number is yet to be allotted by RBI.

for M. K. Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS 5926, C. P. No.5269

Place: Chennai
Date: 13.04.2017

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 Industrial Park Chennai Limited
Ground Floor, 'Mahindra Towers',
17/18, Patulous Road,
Chennai – 600 002

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: 13.04.2017

ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

WHISTLE BLOWER POLICY

1. The Whistle Blower Policy is effective from 13thApril 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 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 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

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 15th April, 2017

ANNEXURE 6 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017:

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 - NIL

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 15th April, 2017

ANNEXURE 7 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2017
(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45209TN2014PLC098543
2.	Registration Date	22nd 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 company is in the process of obtaining approvals for commencing its commercial 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 Company	60	2(46)
2.	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Intermediate Holding Company	NIL	2(46)
3.	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company.	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	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–

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) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp*	–	102,000,000	102,000,000	60	–	102,000,000	102,000,000	60	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**–**	**102,000,000**	**102,000,000**	**60**	**–**	**102,000,000**	**102,000,000**	**60**	**–**
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–				
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)*	**–**	**102,000,000**	**102,000,000**	**60**	**–**	**102,000,000**	**102,000,000**	**60**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	68,000,000	68,000,000	40	–	68,000,000	68,000,000	40	–
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	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	**68,000,000**	**68,000,000**	**40**	–	**68,000,000**	**68,000,000**	**40**	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**170,000,000**	**170,000,000**	**100**	–	**170,000,000**	**170,000,000**	**100**	–

*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	102,000,000	60	**Nil**	102,000,000	60	**Nil**	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding & Promoter Group

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31st March, 2016		Cumulative Shareholding during the year 31st March, 2017	
		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	68,000,000	40	68,000,000	40
	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	68,000,000	40	68,000,000	40

(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
Anita Arjundas – Director At the beginning of the year	1*	0.00	1	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	1*	0.00	1	0.00
Sangeeta Prasad – Director At the beginning of the year	1*	0.00	1	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	1*	0.00	1	0.00

Note: * Held as nominee of the holding company Mahindra World City Developers Ltd as on 31st March, 2017.

5. INDEBTEDNESS **(` in lakh)**

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,075	–	–	3,075
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3,075	–	–	3,075
Change in Indebtedness during the financial year				
• Addition	863	–	–	863
• Reduction	–	–	–	–
Net Change	863	–	–	863
Indebtedness at the end of the financial year				
i) Principal Amount	3,938	–	–	3,938
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3,938	–	–	3,938

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**
		C.V. Krishnan	**Ajay Sethi**	**Rajagoplan Santhanam**	
1.	**Independent Directors**				
	• Fee for attending board/committee meetings	0.60	0.80	1.60	3.00
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	0.60	0.80	1.60	3.00
2.	**Other Non-Executive Directors**				
	• Fee for attending board / committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	0.00	0.00	0.00	0.00
	Total (B)=(1+2)	0.60	0.80	1.60	3.00
	Total (A)				
	Total Managerial Remuneration	0.60	0.80	1.60	3.00

C. Remuneration to Key Managerial Personnel (KMP) other than MD/MANAGER/WTD:

				(` In lakh)
Sl. no.	**Particulars of Remuneration**	**Key Managerial Personnel**		
		CEO	**Company Secretary**	**Total**
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35.61	0.53	36.14
	(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	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– as % of profit	–		–
	– others, specify…	–	–	–
5.	Others, please Specify	–	–	–
	Total	35.99	0.53	36.52

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)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board

Anita Arjundas
Chairperson
DIN: 00243215

Place: Chennai
Date: 15th April, 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of MAHINDRA INDUSTRIAL PARK CHENNAI LIMITED Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Industrial Park Chennai Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2017, its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit report, to the extent applicable 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 the reports of the other auditors.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, as amended, 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; (Refer note 29 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.

iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on Audit procedures performed and the representations and such disclosures are in accordance with the books of accounts maintained 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
Date: 15th April, 2017

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 31st March, 2017 in conjunction with our audit of the Ind AS 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, 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 whether the risk of 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 company's internal Financial Control Systems 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 31st March, 2017, 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: 15th April, 2017

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 only one asset and has maintained proper records showing full particulars, including quantitative detail and situation of the fixed asset.

(b) The fixed asset was physically verified during the year by the Management.

(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) 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) 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) 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 generally regular in depositing undisputed statutory dues, including Provident Fund, 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 Provident Fund, Income-tax, Sales Tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2017 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 31st March, 2017 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. The Company has not taken loans or borrowings from financial institutions and government.

(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 CARO 2016 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 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, compliance under the Companies Act 2013 regarding managerial remuneration is not presently applicable 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 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 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 : 15th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(Amounts in `)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	**1,083,483**	–	–
		1,083,483	–	–
Current assets				
(a) Inventories	5	**2,396,394,225**	2,336,725,087	–
(b) Financial assets				
(i) Cash and Cash Equivalents	6	**8,913,042**	4,844,532	500,000
(c) Other current assets	7	**9,160,080**	3,405,949	–
		2,414,467,347	2,344,975,568	500,000
Total Assets		**2,415,550,830**	2,344,975,568	500,000
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	8	**1,700,000,000**	1,700,000,000	500,000
(b) Other Equity				
(i) Share Premium	9	**90,000,000**	90,000,000	–
(ii) Retained Earnings	9	**(34,310,651)**	(13,411,523)	(109,608)
Total Equity		**1,755,689,349**	1,776,588,477	390,392
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	10	**393,896,496**	307,514,183	–
		393,896,496	307,514,183	–
Current liabilities				
(a) Financial Liabilities				
(i) Trade Payable				
Total outstanding dues of micro enterprises and small enterprises	11	**–**	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	11	**262,305,461**	258,919,420	109,608
(b) Other Current Liabilities	12	**2,045,726**	1,953,488	–
(c) Provisions	13	**1,613,798**	–	–
Total Liabilities		**265,964,985**	260,872,908	109,608
Total Equity and Liabilities		**2,415,550,830**	2,344,975,568	500,000

See accompanying notes which are an integral part of the financial statements.

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Aman Desai
Company Secretary
(ACS: 47990)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amounts in `)

Particulars	Note No.	31st March, 2017	31st March, 2016
Income			
Other income		**–**	–
Total income		**–**	–
Expenses			
Construction Expenses incurred		**22,041,144**	2,326,251,301
(Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	14	**(59,669,138)**	(2,336,725,087)
Employee Benefit Expense	15	**12,170,695**	–
Depreciation Expenses	4	**45,267**	–
Finance Cost	16	**38,338,768**	10,473,786
Other expenses	17	**7,972,392**	13,301,915
Total Expense		**20,899,128**	13,301,915
Profit before tax		**(20,899,128)**	(13,301,915)
Tax expenses		**–**	–
Loss for the year (A)		**(20,899,128)**	(13,301,915)
Other Comprehensive Income		**–**	–
Other Comprehensive Income for the year (B)		**–**	–
Total Comprehensive Income for the year (A+B)		**(20,899,128)**	(13,301,915)
Earnings per equity share [of Face value of ` 10/Share]	18		
Basic & Diluted (in `)		**(0.12)**	(0.33)

See accompanying notes which are an integral part of the financial statements.

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Aman Desai
Company Secretary
(ACS: 47990)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Cash flow from operating activities		
Profit/(Loss) Before Tax	**(20,899,128)**	(13,301,915)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	**45,267**	–
Net (Gain)/Loss recognised in P & L On borrowings	**1,382,313**	(7,485,715)
Interest Expense	**38,338,768**	10,473,786
ROC Filing Fees	**–**	12,860,000
Operating Profit/(Losses) before working capital changes	**18,867,220**	2,546,156
Working Capital changes and other adjustments:		
(Decrease)/Increase in Trade payables	**3,386,041**	258,809,812
(Decrease)/Increase in Other Current Liabilities	**(1,036,512)**	1,953,488
(Decrease)/Increase in Provision	**1,613,798**	–
(Increase)/Decrease Trade Receivables		
(Increase)/Decrease Inventories	**(59,669,138)**	(1,317,225,087)
Increase/Decrease other Non Current and current assets		
(Increase)/Decrease Other Current Assets	**(5,754,131)**	(3,405,949)
Cash generated from/(used in) operations	**(42,592,722)**	(1,057,321,580)
Direct taxes paid (net of refunds)	**–**	–
Net cash from/(used in) Operating activities (A)	**(42,592,722)**	(1,057,321,580)
Cash flows from Investing activities		
Purchase of property, plant and equipment	**–**	–
Investment in fixed deposit for more than 3 months	**–**	–
Net cash flow from/(used in) Investing activities (B)	**–**	–
Cash flows from Financing activities		
Issue of Share Capital	**–**	770,000,000
ROC Filing Fees	**–**	(12,860,000)
Proceeds from Borrowings	**85,000,000**	314,999,898
Interest Paid	**(38,338,768)**	(10,473,786)
Net cash from/(used in) in Financing activities (C)	**46,661,232**	1,061,666,112
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**4,068,510**	4,344,532
Cash and cash equivalents at the beginning of the period	**4,844,532**	500,000
Cash and cash equivalents at the end of the period	**8,913,042**	4,844,532
Components of cash and cash equivalents		
Cash on hand	**–**	–
With banks		
– on current account	**8,913,042**	4,844,532
– on deposit account	**–**	–
Total cash and cash equivalents	**8,913,042**	4,844,532

See accompanying notes which are an integral part of the financial statements.

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Aman Desai
Company Secretary
(ACS: 47990)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity Share Capital

Particulars	No. of Shares	Amounts in `
Class A Equity Shares of ` 10 each issues, subscribed and fully paid		
As at 1 April 2015	50,000	500,000
Issue is share capital	169,950,000	1,699,500,000
At 31 March 2016	**170,000,000**	**1,700,000,000**
Issue is share capital	–	–
At 31 March 2017	**170,000,000**	**1,700,000,000**
Total Equity Share Capital of ` 10 each issues, subscribed and fully paid		
As at 1 April 2015	50,000	500,000
Issue is share capital	169,950,000	1,699,500,000
At 31 March 2016	**170,000,000**	**1,700,000,000**
Issue is share capital	–	–
At 31 March 2017	**170,000,000**	**1,700,000,000**

B. Other Equity

(Amounts in `)

	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained earnings**	**Total**
As at 1 April 2015	–	(109,608)	(109,608)
Profit/(Loss) for the period	–	(13,301,915)	(13,301,915)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	**–**	**(13,301,915)**	**(13,301,915)**
Issue of Share Capital	90,000,000	–	90,000,000
As at 31 March 2016	**90,000,000**	**(13,411,523)**	**76,588,477**
Profit/(Loss) for the period	–	(20,899,128)	(20,899,128)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2017	**90,000,000**	**(34,310,651)**	**55,689,349**

See accompanying notes which are an integral part of the financial statements.

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors of Mahindra Industrial Park Chennai Limited

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Aman Desai
Company Secretary
(ACS: 47990)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note Particulars

1. General information

The Mahindra Industrial Park Chennai Limited ("the Company") was incorporated on 22nd December, 2014. 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 is developing a 260-acre Industrial Park in North Chennai on NH-15. The Company is a joint venture between Mahindra World City Developers Limited and Sumitomo Corporation SC of Japan.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company prepared its financial statements up to the year ended 31st March 2016 in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The Company has prepared its financial statements for the current financial year as per the requirement Ind AS. The date of transition to Ind AS is 1 April 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 considers 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

2.3 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.5 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.

2.6 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties used in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 Impairment of tangible and intangible assets other than goodwill

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). When 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. When 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Recoverable amount is the higher of fair value less costs of disposal 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 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.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because 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 recognised 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 (when the effect of the time value of money is material).

When some or all the economic benefits required to settle, a provision is expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.9.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.10 Financial instruments

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

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 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.12.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

2.12.2 Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.12.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.12.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.12.5 Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.12.5.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

2.12.5.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, canceled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.13 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.

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. 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:

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 recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.14 First-time adoption – mandatory exceptions, optional exemptions, and

2.14.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.14.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.14.3 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.14.4 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.15 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.

2.16 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. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the 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 the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 4 Property, Plant and Equipment

(Amounts in `)

Description of Assets		Vehicles	Office equipment	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April, 2016	–	–	–
	Additions	1,128,750		1,128,750
	Disposals	–	–	–
Balance as at 31 March, 2017		**1,128,750**	**–**	**1,128,750**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1 April, 2016	–	–	–
	Depreciation expense for the year	45,267		45,267
	Eliminated on disposal of assets	–	–	–
Balance as at 31 March, 2017		**45,267**	**–**	**45,267**
III.	**Net carrying amount (I-II)**			
	Balance as at 31 March, 2017	**1,083,483**	**–**	**1,083,483**
	Balance as at 31 March, 2016	–	–	–

(Amounts in `)

Description of Assets		Buildings	Office equipment	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April, 2015	–	–	–
	Additions	–	–	–
	Disposals	–	–	–
Balance as at 31 March, 2016		**–**	**–**	**–**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1 April, 2015	–	–	–
	Depreciation expense for the year	–	–	–
	Eliminated on disposal of assets	–	–	–
Balance as at 31 March, 2016		**–**	**–**	**–**
III.	**Net carrying amount (I-II)**			
	Balance as at 31 March, 2016	**–**	**–**	**–**
	Balance as at 31 March, 2015	–	–	–

Refer notes on accounts for Company's policy on recognition and measurement of Property Plant, Equipment and Depreciation Methods Used.

Note 5 Inventories

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Work in progress (representing cost of land and related expenditure)	**2,396,394,225**	2,336,725,087	–
Raw Material	–	–	–
Total Inventories	**2,396,394,225**	2,336,725,087	–
Included above			
Land Cost	**2,104,667,000**	2,104,667,000	–
Development Cost	**291,727,225**	232,058,087	–

Borrowing Cost inventorised as per below.

The Cost of inventory recognised as expenses/(income) during the year in respect of continuing operations was INR (376.28 lakh) (31st March, 2016 was (INR 104.74 lakh) and 31st March, 2015 was INR NIL).

The Carrying amount of inventories pledged as security for liabilities - Refer note 9 Non Current Borrowings.

Mode of Valuation of Inventories is Cost of Net Realisable Value whichever is lesser.

Borrowing cost inventories relates to interest on borrowing referred to note no. 10 consider in the ratio of land inventory pending to be developed to the total inventory.

Note 6 Cash and bank balances

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Cash and cash equivalents			
Balances with banks:			
– On current accounts	**8,913,042**	4,844,532	500,000
Cash on hand	–	–	–
Total Cash and cash equivalents	**8,913,042**	4,844,532	500,000

Reconciliation of Cash and Cash Equivalents

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Total Cash and Cash Equivalents as per Balance Sheet	**8,913,042**	4,844,532	500,000
Total Cash and Cash Equivalents as per Statement of Cashflow	**8,913,042**	4,844,532	500,000

Note 7 Other assets

(Amounts in `)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Capital advances						
Unsecured, considered good	–	–	–	–	–	–
	–	–	–	–	–	–
Advances to suppliers						
Unsecured considered good	–	**2,512,692**	–	–		–
	–	**2,512,692**	–	–	–	–
Others						
Advance income-tax (Net of Provision for Taxation)	–	–	–	–		–
Balances with statutory/government authorities	–	**6,647,388**	–	3,405,949		–
	–	**6,647,388**	–	3,405,949	–	–
Total Other Assets	–	**9,160,080**	–	3,405,949	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Break-up of financial assets carried at amortised cost

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Cash & Cash Equivalent (Note 6)	–	**8,913,042**	–	4,844,532	–	500,000
Total financial assets carried at amortised cost	–	**8,913,042**	–	4,844,532	–	500,000

Note 8 Share capital

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Authorized shares			
17,00,00,000 Ordinary Equity Shares of ` 10 each	**1,700,000,000**	1,700,000,000	500,000
	1,700,000,000	1,700,000,000	500,000
Issued, subscribed and fully paid-up shares			
17,00,00,000 Ordinary Equity Shares of ` 10 each	**1,700,000,000**	1,700,000,000	500,000
Total issued, subscribed and fully paid-up share capital	**1,700,000,000**	1,700,000,000	500,000

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in `)

Particulars	Opening Balance	Changes during the year	Closing Balance
(a) Equity Shares			
Class A equity shares			
Year Ended 31 March 2017			
No. of Shares	170,000,000	–	170,000,000
Amount	1,700,000,000	–	1,700,000,000
Year Ended 31 March 2016			
No. of Shares	50,000	169,950,000	170,000,000
Amount	500,000	1,699,500,000	1,700,000,000
Year Ended 1 April 2015			
No. of Shares	50,000	–	50,000
Amount	500,000	–	500,000

(a) 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 if any 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.

(ii) Details of shareholders holding more than 5% shares in the company

(Amounts in `)

Name of the shareholder	As at 31st March, 2017 No.	% holding in the class	As at 31st March, 2016 No.	% holding in the class	As at 01st April, 2015 No.	% holding in the class
Equity shares with voting rights						
Mahindra World City Developers Limited - Enterprise having joint control over the Company	**102,000,000**	**60%**	102,000,000	60%	50,000	100%
Sumitomo Corporation, Japan - Enterprise having joint control over the Company	**68,000,000**	**40%**	68,000,000	40%	–	0%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Note 9 Other Equity

(Amounts in `)

Particulars	Reserves and Surplus		
	Securities Premium Reserve	Retained earnings	Total
As at 1 April 2015	–	(109,608)	(109,608)
Profit/(Loss) for the period	–	(13,301,915)	(13,301,915)
Other Comprehensive Income/(Loss)	–	–	–
Share capital issued	90,000,000	–	90,000,000
As at 31 March 2016	**90,000,000**	**(13,411,523)**	**76,588,477**
Profit/(Loss) for the period	–	(20,899,128)	(20,899,128)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2017	**90,000,000**	**(34,310,651)**	**55,689,349**

Note 10 Non current borrowings

Details of Long term Borrowings of the Company:

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	"Repayment Bullet (or) Installment"	"Number of Installments"	"Date of Redemption (or) Conversion"	Amortised cost as at 31st March, 2017	Amortised cost as at 31st March, 2016	Amortised cost as at 1st April, 2015
A. Secured Borrowings:									
a) Term Loans									
(i) From Financial Institution	INR	10.45%	9.7%-10.20%	Installment	16	31-Mar-19	393,896,496	307,514,183	–
Total Secured Borrowings							**393,896,496**	**307,514,183**	–
B. Un-Secured Borrowings:									
Total Un-Secured Borrowings							–	–	–
Total non current borrowings							**393,896,496**	**307,514,183**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Term Loan from Bank

Term Loan carried an interest of HDFC CPLR - 680 points. Principal to be repaid in 16 equal quarterly installments, commencing from March 2019, after a moratorium of 36 months. Rate of Interest up to 30th November, 2016 is 10.85% Current rate of interest is 10.25%.

Term loans are secured by equitable Mortgage by deposit of title deeds of 230.655 acres of land in Gummidipoondi Taluk with carrying value on INR 210.11 Crores.

Note 11 Trade Payables

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Trade payable – Micro and small enterprises	–	–	–
Trade payable – Other than micro and small enterprises	**262,305,461**	258,919,420	109,608
	262,305,461	258,919,420	109,608

(i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(ii) Refer Note 28 for Mirco and Small Enterprises.

Breakup of financial liabilities carried at amortised cost

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Borrowings (non-current) (note 14)	**393,896,496**	307,514,183	–
Trade payable – Micro and small enterprises	–	–	–
Trade payable – Other than micro and small enterprises	**262,305,461**	258,919,420	109,608
Total financial liabilities carried at amortised cost	**656,201,957**	566,433,603	109,608

Note 12 Other liabilities

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Current			
Capital Creditors	**1,128,750**	–	–
Statutory dues payable	**916,976**	1,953,488	–
Total Other Current Liabilities	**2,045,726**	1,953,488	–

Note 13 Provision

(Amounts in `)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Long-term Employee Benefits	**1,613,798**	–	–
Total Other Current Liabilities	**1,613,798**	–	–

Note 14 (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Opening Stock		
Work-in-progress	**2,336,725,087**	–
Raw Material	–	–
Total Opening Stock	**2,336,725,087**	–
Closing Stock		
Work-in-progress	**2,396,394,225**	2,336,725,087
Raw Material	–	–
Total Closing Stock	**2,396,394,225**	2,336,725,087
Total (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(59,669,138)**	(2,336,725,087)

Note 15 Employee Benefit Expense

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Salaries & Wages	**11,765,460**	–
Contribution to provident and other funds	**252,739**	–
Staff welfare expense	**152,496**	–
Total Revenue from operations	**12,170,695**	–

Note 16 Finance Costs

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Interest on Term Loan	**38,338,768**	1,715,054
Interest on ICD	–	8,758,732
Net Finance Cost	**38,338,768**	10,473,786

Analysis of Interest Expenses by Category

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**38,338,768**	1,715,054
On Financial Liabilities at FVTPL	–	–

Note 17 Other expenses

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Legal and professional fees	**5,205,518**	70,350
Rates & Taxes incl. ROC filing fees	**169,073**	12,906,462
Travelling & Conveyance	**1,299,609**	–
Payment to auditor (Refer details below)	**600,000**	325,000
Directors Sitting fees	**300,975**	–
Printing & Stationery	**174,580**	–
Repairs & Maintenance	**127,902**	–
Communication	**32,925**	–
Miscellaneous Expense	**59,425**	–
Bank Charges	**2,385**	103
Total Other expenses	**7,972,392**	13,301,915

Payment to auditor (excluding taxes)	31st March, 2017	31st March, 2016
Audit Fees	**500,000**	325,000
Certification and Other Services	**100,000**	–
Out of Pocket Expenses	–	–
	600,000	325,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 18 Earnings per share (EPS)

(Amounts in `)

Particulars	31st March, 2017 Per Share	31st March, 2016 Per Share
Basic/Diluted Earnings per share		
From continuing operations (`) per share	**(0.12)**	(0.33)
From discontinuing operations (`) per share	**–**	–
Total basic/diluted earnings per share	**(0.12)**	(0.33)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amounts in `)

Particulars	31st March, 2017	31st March, 2016
Profit/for the year attributable to owners of the Company	**(20,899,128)**	(13,301,915)
Less: Preference dividend and tax thereon		
Profit/for the year used in the calculation of basic earnings per share	**(20,899,128)**	(13,301,915)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(20,899,128)**	(13,301,915)
Weighted average number of equity shares	**170,000,000**	40,744,110
Earnings per share from continuing operations - Basic	**(0.12)**	(0.33)

Note 19 Related party disclosures

Names of related parties and related party relationship

Related parties where control exists	
Enterprises having joint control over the Company	Mahindra World City Developers Limited Sumitomo Corporation, Japan
Related parties with whom transactions have taken place during the year	
Enterprises having joint control over the Company	Mahindra World City Developers Limited
KMP CFO	Mr. Chandrasekhar Siddarth, Chief Financial Officer - From 11th February 2016 to 19th January 2017)
KMP Company Secretary	Mr. Aman Desai (With effect from 19th January, 2017)
Business Head	Mr. Shyam Kalyanasundaram Effective 13th April 2016

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions with Related Parties	For the year ended	Mahindra World City Developers Limited	Sumitomo Corporation, Japan	KMP
Purchase of Land	31-Mar-17	–	–	–
	31-Mar-16	(2,104,667,000)	–	–
Professional charges Paid	31-Mar-17	9,607,915	–	–
	31-Mar-16	(1,649,184)	–	–
Interest Paid	31-Mar-17	–	–	–
	31-Mar-16	(8,758,732)	–	–
Reimbursement of Expenses	31-Mar-17	4,092,410	–	–
	31-Mar-16	(11,283,775)	–	–
Purchase of Fixed Asset (Car)	31-Mar-17	1,128,750	–	–
	31-Mar-16	–	–	–
Equity Share Capital Issued (Including Premium)	31-Mar-17	–	–	–
	31-Mar-16	–	–	–
Business Head Remuneration	31-Mar-17	–	–	3,598,900
	31-Mar-16	–	–	–
Company Secretary Remuneration	31-Mar-17	–	–	52,500
	31-Mar-16	–	–	–
CFO	31-Mar-17	–	–	–
	31-Mar-16	–	–	–

The following table provides the balances with related parties as on the relevant date:

Nature of Balances with Related Parties	Balance as on	Mahindra World City Developers Limited	Sumitomo Corporation, Japan
Equity Share Capital	31-Mar-17	1,020,000,000	680,000,000
	31-Mar-16	1,020,000,000	680,000,000
	1-Apr-15	500,000	–
Payable	31-Mar-17	262,042,467	–
	31-Mar-16	258,581,920	–
	1-Apr-15	–	–

Note: Figures in bracket relates to the previous year.

* Remuneration payable to Business Head, Company Secretary & CFO is approved by Nomination & Remuneration committee.

Note 20 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying Value 31-Mar-17	31-Mar-16	1-Apr-15	Fair value as at 31-Mar-17	31-Mar-16	1-Apr-15
Financial assets						
Cash and Cash Equivalents	**8,913,042**	4,844,532	500,000	**8,913,042**	4,844,532	500,000
Total financial assets	**8,913,042**	4,844,532	500,000	**8,913,042**	4,844,532	500,000
Financial liabilities						
Borrowings	**393,896,496**	307,514,183	–	**393,896,496**	307,514,183	–
Trade Payable	**262,305,461**	258,919,420	109,608	**262,305,461**	258,919,420	109,608
Total financial liabilities	**656,201,957**	566,433,603	109,608	**656,201,957**	566,433,603	109,608

The management assessed that Investment in Mutual Funds, cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 21 Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March, 2017:

Particulars	Date of Valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Total		–	–	–	–
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings – Term Loan	31-Mar-17	–	393,896,496	–	393,896,496
Total		–	393,896,496	–	393,896,496

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

Particulars	Date of Valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Total		–	–	–	–
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings – Term Loan	31-Mar-16	–	307,514,183	–	307,514,183
Total		–	307,514,183	–	307,514,183

Quantitative disclosures fair value measurement hierarchy for assets as at 1st April 2015:

Particulars	Date of Valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Total		–	–	–	–
Financial liabilities					
Liabilities measured at fair value:					
Total		–	–	–	–

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There have been no transfers between Level 1 and Level 2 during year ended 31st March, 2016.

Note 22 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Note 23 First-time adoption – mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

(i) Reconciliation of Total Equity as at 31st March, 2016 and 1st April, 2015:

Particulars	Foot Note	As at 31st March, 2016	As at 01st April, 2015
Equity as reported under previous GAAP		1,776,588,477	390,392
Ind AS: Adjustments increase (decrease):			
Effective interest rate on borrowings	a	7,460,373	–
Less: Interest capitalisation		(7,460,373)	–
Equity as reported under IND AS		1,776,588,477	390,392

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016:

Particulars	Foot Note	Year Ended 31st March, 2016
Profit or Loss as per previous GAAP		(13,301,915)
Ind AS: Adjustments increase (decrease):		
Add: Effective interest rate on borrowings	a	7,460,373
Less: Interest capitalisation		(7,460,373)
Profit or Loss under Ind AS		(13,301,915)
Other comprehensive income		–
Total comprehensive income under Ind ASs		(13,301,915)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

Particulars	Year ended 31st March, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(1,067,795,468)	7,537,500	(1,060,257,968)
Net cash flows from investing activities	–	–	–
Net cash flows from financing activities	1,072,140,000	(7,537,500)	1,064,602,500
Net increase (decrease) in cash and cash equivalents	4,344,532	–	4,344,532
Cash and cash equivalents at beginning of period	500,000	–	500,000
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	4,844,532	–	4,844,532

Footnotes to the reconciliation of equity as at 1 April, 2015 and 31 March, 2016 and profit or loss for the year ended 31 March 2016

a) Borrowings

Under previous GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to qualifying assets for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to qualifying assets using the effective interest method. There is no change in equity or total comprehensive income for the year as the entire amount has been charged to qualifying assets and not to profit and loss account.

Note 24 Capital 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 debt divided by total equity. Total debt 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 31st March, 2017, 31st March, 2016 and 1st April, 2015 is as follows:

(Amounts in `)

	31-Mar-2017	31-Mar-2016	1-Apr-2015
Debt (A)*	**393,896,496**	307,514,183	–
Equity (B)	**1,755,689,349**	1,776,588,477	390,392
Debt Equity Ratio (A/B)	**0.22**	0.17	–

Categories of financial assets and financial liabilities

	As at 31st March, 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Cash and Cash equivalents	**8,913,042**	–	–	**8,913,042**
	8,913,042	–	–	**8,913,042**
Non-current Liabilities				
Borrowings	**393,896,496**	–	–	**393,896,496**
Current Liabilities				
Trade Payables	**262,305,461**	–	–	**262,305,461**
	656,201,957	–	–	**656,201,957**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2016			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash equivalents	4,844,532	–	–	4,844,532
	4,844,532	–	–	4,844,532
Non-current Liabilities				
Borrowings	307,514,183	–	–	307,514,183
Current Liabilities				
Trade Payables	258,919,420	–	–	258,919,420
	566,433,603	–	–	566,433,603

	As at 1st April 2015			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash equivalents	500,000	–	–	500,000
	500,000	–	–	500,000
Non-current Liabilities				
Borrowings	–	–	–	–
Current Liabilities				
Trade Payables	109,608	–	–	109,608
	109,608	–	–	109,608

Note 25 Financial Risk Management Framework

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that are directly derived out of equity.

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. The Company has not created any Investments of surplus funds in any other instruments as of date and hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-17				
Trade and other payables	262,305,461	–	–	–
Variable interest rate instruments	–	–	325,000,000	75,000,000
Total	262,305,461	–	325,000,000	75,000,000
31-Mar-16				
Trade and other payables	258,919,420	–	–	–
Variable interest rate instruments	–	–	177,187,500	137,812,500
Total	258,919,420	–	177,187,500	137,812,500
1-Apr-15				
Trade and other payables	109,608	–	–	–
Variable interest rate instruments	–	–	–	–
Total	109,608	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to be imported for carry out the construction activities; consequently, exposures to exchange rate fluctuations arise, but the same is very nominal in nature as compared to the size of the operations if the Company.

The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

The Company's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at 31st March 2017 100% of borrowings are at Variable rate. At 31 March 2016, 100% of the Company's borrowings are at a fixed rate of interest (1 April 2015: Borrowings NIL).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amounts in INR)

	Increase/ decrease in basis points	Effect on financial statements* (Increase)/Decrease
31-Mar-17		
INR	**+50**	**(2,000,000)**
INR	**–50**	**2,000,000**
31-Mar-16		
INR	+50	(1,575,000)
INR	–50	1,575,000

* Since the finance cost of the company is being capitalised to qualifying assets, the impact as above will be on the carrying value of inventory.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 26 Capital & other Commitments

At March 31, 2017, the company does not have any capital commitments. Other commitments INR 115 Crores towards cost of development of Industrial park.

Note 27 Segment information

For Management purposes, the Company is organised into business units based on its product and services, and hence operates in only one operating segment, i.e. 'Development of Industrial Park'. Therefore, operating segment reporting in terms of Ind AS 108 on segmental reporting is not applicable. The Company operates only in India.

Note 28 Disclosures required under Section 22 of the micro, small and medium enterprises development act, 2006

(i) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by management and this has been reviewed upon by Auditors.

(ii) There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been paid.

Note 29 Disclosure of transactions in Specified bank notes (SBN's) as per Rule 11 of Companies (Audit and Auditors) Rules, 2014

The company did not do transactions involving cash during the financials and the Company was not possession of Cash including SBN's at opening of financial year. Hence, this disclosure is not applicable.

Note 30 Other Notes

i. The Company does not have any pending litigations which will impact its financial position as at 31st March, 2017

ii. The Company does not have any long-term contracts requiring provision for 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.

Note 31 Approval of financial statements

The financial statements were approved for issue by the board of directors on 15th April, 2017.

See accompanying notes which are an integral part of the financial statements.

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 15th April, 2017

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Anita Arjundas
Director
(DIN: 00243215)

Sangeeta Prasad
Director
(DIN: 02791944)

Aman Desai
Company Secretary
(ACS: 47990)

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their seventh report together with the Audited Financial Statement of your Company for the year ended 31st March, 2017.

Financial Highlights

(Amount in `)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Total Income	**2,041,956,755**	1,561,833,565
Profit/(Loss) Before Depreciation, Interest and Taxation	**291,485,525**	43,131,498
Less: Depreciation	**(21,571,263)**	(20,325,527)
Profit/(Loss) Before Interest and Taxation	**269,914,262**	22,805,971
Less :Interest	**(22,912,544)**	(16,440,000)
Profit/(Loss) Before Taxation	**247,001,718**	6,365,971
Less: Provision for Taxation	**(87,184,722)**	(53,201,978)
Profit/(Loss) for the year after Taxation	**159,816,996**	59,567,949
Add: Balance of Profit/(Loss) for earlier years	**(92,773,864)**	(152,341,813)
Balance carried forward	**67,043,132**	(92,773,864)

Indian Accounting Standards

The financial statements for the financial year 2016-17 have been prepared in accordance with the applicable Indian Accounting Standards (INDAS) and the corresponding figures for the previous year have been restated as per INDAS for the purpose of comparison.

Dividend

With a view to conserve the resources of the Company, no dividend has been recommended by your Directors for the financial year 2016-17.

Reserves

Profit for the year has been carried forward to Profit and Loss account and no amount has been transferred to Reserves.

Operations

The Company is a 74.98:25.02 joint venture, between Mahindra Lifespace Developers Limited and SCM Real Estate (Singapore) Private Limited, and has been established for the development of mid-premium residential projects in major cities of India.

'Luminare' in Gurgaon, is the Company's first project. The project is being implemented in collaboration with the land owners and a developer and spread across 6.8 acres, with a total saleable area of 1.14 million square feet, out of which the developer's share is 0.85 million square feet. The second phase of the project comprising 0.30 million square feet was launched in December, 2015. 74% of units launched in phase 1 and 37% of the area launched in phase 2 have been sold as of March, 2017.

The second residential project of the Company, Windchimes, is located at Bannerghatta Road, Bengaluru. The project is spread across 5.90 acres with a total saleable area of 0.87 million square feet. The first phase of the project comprising 0.44 million square feet was launched in June, 2015. 65% of the total units launched area has been sold as of March, 2017.

The Company is evaluating other such opportunities for residential development projects.

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. However, the Company has converged to IND AS and therefore, the figures for corresponding period has been accordingly revised.

During the year under review, no revision was made with respect to previous financial statement of the Company.

Share Capital

Authorised share capital of your company is ` 20,000,000 and Paid-up share capital (including ordinary equity shares and different series of equity shares with differential voting rights and preference shares) of the company is ` 8,232,870. As of 31st March, 2017, the total paid-up equity and preference share capital of your Company is held by Mahindra Lifespace Developers Limited (MLDL), the Promoter and SCM Real Estate (Singapore) Private Limited (SCM), the Investor in the following ratio:

Paid up Equity and Preference Share Capital

Name of Shareholder	Type of Shares	No of Shares	Face Value (`)	Percentage of Shareholding
Mahindra Lifespace Developers Limited	Series A Equity Shares	616,879	10	74.99%
SCM Real Estate (Singapore) Private Limited	Series A Equity Shares	205,628	10	25.01%
Total		**822,507**		**100%**
SCM Real Estate (Singapore) Private Limited	Series B Equity Shares	389	10	100%
Total		**389**		**100%**
Mahindra Lifespace Developers Limited	Series C Equity Shares	389	10	100%
Total		**389**		**100%**
SCM Real Estate (Singapore) Private Limited	0.01% Compulsory Convertible preference shares(CCPS)	1	10	100%
Total		**1**		**100%**
Mahindra Lifespace Developers Limited	Series A 0.01% Optionally Convertible Redeemable Preference Shares(OCRPS)	1	10	100%
Total		**1**		**100%**

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares.

There is no scheme as envisaged under Section 67 of the Companies Act, 2013 in respect of shares on which voting rights are not directly exercised by the employees.

Rights Issue

At the beginning of financial year 2016-17, the Company was a 50:50 joint venture between MLDL and SCM. On 30th March, 2017, the Company allotted in its Right Issue 4,11,251 Series A equity shares (with voting rights) of face value ` 10 each fully paid-up to MLDL. The Rights issue was made to strengthen the equity base of the Company and the proceeds of the Rights Issue have been fully utilized. Pursuant to the allotment, the shareholding of MLDL in Series A equity shares (with voting rights) of the Compamny has increased from 50% to 74.99%. Basis the overall paid up share capital of the Company, the shareholding of MLDL in the Company increased from 50% to 74.98%. SCM holds 25.02% of the paid-up share capital as a joint venture partner in the Company. Pursuant to the increase in shareholding,the Company became a subsidiary of MLDL, and an indirect subsidiary of the Promoter of MLDL, viz Mahindra and Mahindra Limited.

Debentures

During the year, Company has not issued/allotted any non-convertible debentures. In the financial year 2013-14, the Company had issued and allotted 32,017,000 – Series A Debentures i.e. Compulsorily Convertible Debentures with a face value of ` 100 (Rupees Hundred Only) each for cash at par to SCM and 32,017,000 – Series B Debentures i.e. Optionally Convertible Debentures with a face value of ` 100 (Rupees Hundred Only) each for cash at par to MLDL. The proceeds of the 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 2015-16) and at the close of the current financial year (FY 2016-17) was ` (69,894,242) and ` 94,771,922 respectively.

Holding, Subsidiary, Associate or Joint Venture company

During the year, no company became/ceased to be subsidiary/ associate of your Company. Therefore, the requirements of consolidated financial statement are not applicable to your Company. During the year, your Company ceased to be an associate (50:50 Joint venture with SCM) of MLDL and became its subsidiary company and in turn a subsidiary company of MLDL's holding company i.e. Mahindra and Mahindra Limited. As your Company is now a subsidiary of a public company, certain provisions of the Companies Act, 2013 applicable to a public company have now become applicable to your company which will be complied with.

Board of Directors

As of 31st March, 2017, the Board of Directors comprised of following:

Name of Director	DIN	Designation
Ms. Anita Arjundas	00243215	Chairperson, Non-Executive Non-Independent Director
Mr. Brian Chinnapi	06669399	Non-Executive Non-Independent Director
Mr. Ashish Singh	02311126	Non-Executive Non-Independent Director
Mr. Ramesh Ranganathan	03118598	Non-Executive Non-Independent Director

Consequent upon your company becoming a subsidiary of a public limited company i.e. MLDL, the Directors are liable to retire by rotation. The necessary amendments to align the articles of association of the Company with applicable

provisions of the Companies Act, 2013 are being submitted for approval of the shareholders. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ramesh Ranganathan is liable to retire by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

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 your Company.

Committees of the Board

Corporate Social Responsibility (CSR) Committee

The Board of Directors at its meeting held on 18th April, 2016, constituted Corporate Social Responsibility Committee comprising of Mr. Ramesh Ranganathan- Chairman of the Committee, and Mr. Ashish Singh and Ms. Anita Arjundas as members.

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.

In view of the average net loss in the preceeding 3 years, the Company was not required to contribute/spend towards CSR under Section 135(5) of the Act during the Financial Year 2016-17.

Meetings

During the year Nine (9) Board Meetings were convened and held on following dates:

18th April, 2016, 21st July, 2016, 23rd September, 2016, 21st October, 2016, 18th January, 2017, 24th March, 2017 and 3 meetings on 30th March, 2017.

During the year one (1) meeting of Corporate Social Responsibility Committee was convened and held on 21st July, 2016.

The details of the number of meetings of the Board and the committee attended there of by the respective members of the Board/committee are given below:

Sr. no.	Name of the Director	No of Board meetings attended	No. of Corporate Social Responsibility committee meeting attend
1.	Ms. Anita Arjundas	9	1
2.	Mr. Brian Chinappi	1	N.A.
3.	Mr. Ramesh Ranganathan	9	1
4.	Mr. Ashish Singh	9	1

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.

During the year, due to the changes in the business environment and the governance landscape, the Code of Conduct of the Company for Senior Management and Employees was revised.

The Company has for the financial year 2016-17, received declarations under the Codes from the Board members affirming compliance with the Code.

Directors' Responsibility Statement

Pursuant to Section 134(5) 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 31st March, 2017 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 Board reviews the internal control systems with the auditors.

Vigil 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 Chairperson 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 Chairperson of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairperson of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 1**.

Risk Management

The Company has appropriate risk management systems and procedure in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring. The Company reviews implementation and monitoring of the risk management plan.

Auditors

At the 6th Annual General Meeting of the Company held on 21st July, 2016, the members had approved the appointment of M/s. SRBC & Co LLP, Chartered Accountants (Reg. No. 324982E) Mumbai, for a term of five consecutive years from the conclusion of the 6th Annual General Meeting till the conclusion of the 11th Annual General Meeting to be held in the calendar year 2021 (subject to ratification of their appointment at every Annual General Meeting).

M/s. SRBC & Co LLP have intimated to the Company that their services will not be available from the conclusion of the ensuing Annual General Meeting. The Board at its meeting held on 16th June, 2017 has, subject to the approval of the shareholders, recommended, effective from the conclusion of the 7th Annual General Meeting, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number -117366W/W-100018) as the statutory auditors in the casual vacancy caused due to the resignation of M/s. SRBC & Co LLP. In terms of provisions of Section 139 of the Companies Act, 2013. M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, shall hold office till the conclusion of the 8th Annual General meeting to be held in 2018.

The Company has received written consent and a certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number -117366W/W-100018), to the effect that their appointment, if approved, would be in accordance with the provision of Section 139 and 141(3) of the Companies Act, 2013 read with Rule 10 of the Companies (Audit and Auditors) Rules, 2014.

Accordingly, in terms of Section 139(2) of the Companies Act, 2013, the Board of Directors recommend to the members to approve the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number-117366W/W-100018) as the statutory auditors of the Company for the current year, 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 comment.

Cost Auditors

The Board of Directors had appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, (M-15797 & FRN 101329) as Cost Auditor of the Company to conduct audit of the cost records maintained by the Company for the financial year 2016-17. CMA Vaibhav Prabhakar Joshi has confirmed that his appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and has also certified that he is free from any disqualification 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 Members' ratification for the remuneration payable to CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant is included in the Notice convening the Annual General Meeting.

Secretarial Auditor

The requirements of having a secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As the Company is in the business of Real Estate Development, the provision of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. The said provisions are also not applicable to acquisition of shares if allotted in pursuance of Section 62(1)(a) of the Act. The particulars of investment are provided in the financial statement at note No.7.

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 2 in the form AOC-2. Your 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, the Company has not accepted any deposits from 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 3 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 4** 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 and Rules framed thereunder.
- 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 year by the Statutory 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.

Disclaimer

The Company is currently in the process of registering its ongoing projects in the applicable jurisdictions/States under the Real Estate (Regulation and Development) Act, 2016 ("RERA") and wherever the Rules under RERA have been notified by the respective States in which Company has projects. Till such time, the projects that are required to be registered under RERA are registered, none of the images, material, projections, details, descriptions and other information that are mentioned in the Annual Report for the year 2016-17, shall be deemed to be or constitute advertisements, solicitations, marketing, offer for sale, invitation to offer, invitation to acquire, including within the purview of the RERA.

Acknowledgment

The Directors are thankful to all shareholders, bankers, consultants, employees and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th June, 2017

ANNEXURE 1

MAHINDRA HOMES PRIVATE LIMITED

Whistle Blower Policy (Vigil Mechanism)

1. The Whistle Blower Policy shall come into effect from 1st April 2016.

2. Preface

Mahindra Homes Private Limited(MHPL) ("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 two separate Codes of Conduct viz. for Directors and for Senior Management & Employees (collectively referred to as "Codes" or "the Codes") and various Codes/Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, 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 Chairperson of the Company and to report their genuine concerns or grievances.

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.]

i. Chairperson means the Chairperson of the Board who shall be entrusted with duty of implementing and monitoring this Code.

ii. "Codes" mean two separate Codes of Conduct viz. for Directors and for Senior Management & Employees.

iii. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

iv. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

v. "Investigators" means those persons authorised, appointed, consulted or approached by the Chairperson and the Police.

vi. "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.

vii. "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.

viii. "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 Chairperson or the Investigator.

c. Protected Disclosure will be appropriately dealt with by the Chairperson

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 Chairperson.

b. If a protected disclosure is received by any Executive(s) of the Company other than the Chairperson, the same should be forwarded to the Chairperson 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 Chairperson 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 Chairperson who would investigate/oversee the investigations.

b. The Chairperson may at his/her discretion, consider involving any Investigators for the purpose of investigation.

c. The decision to conduct an investigation taken by the Chairperson 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 the 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 Chairperson 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 Chairperson

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 Chairperson who shall investigate into the same and recommend to the Board, the suitable action to be taken;

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 Chairperson 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 Chairperson, 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 Chairperson 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 Chairperson shall take such disciplinary or corrective action as the Chairperson may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed before the Board 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 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

Mumbai, 16th June, 2017

Annexure-2

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

Name(s) of the related party and nature of relationship	**Anthurium Developers Limited (A company in which Mr. Ramesh Ranganathan, a Director is a Director)**	**Mahindra Lifespace Developers Limited (MLDL). The Company is a subsidary company of MLDL.**	**Mahindra Lifespace Developers Limited (MLDL). The Company is a subsidary Company of MLDL.**
Nature of contracts/arrangements/ transactions	Leave and Licence Agreement for use of a plot of land of 1 Acre adjacent to Luminare Project at NCR.	Development Management Agreement for Luminare Project at NCR.	Development Management Agreement for Windchimes Project at Bangalore.
Duration of the contracts/ arrangements/transactions	The arrangement is for use of vacant plot of land for five terms of eleven months each.	90 months July, 2013 to December, 2020.	81 months July, 2013 to March, 2020.
Salient terms of the contracts or arrangements or transactions including the value, if any:	At a monthly consideration of ` 62,700 /-	Development Management Fee @ ` 335.50 per square feet for estimated saleable area of 2 million square feet.	Development Management Fee @ ` 285.50 per square feet for estimated saleable area of 1.50 million square feet.
Date(s) of approval by the Board, if any:	13th October, 2014.	29th July, 2013	29th July, 2013
Amount paid as advances, if any: (`)	` 19,67,510	NIL	NIL

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th June, 2017

ANNEXURE 3

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 envelops for walls and roofs 2. Energy efficient fenestration through use of Double Glazed Unit (DGU) for the reduction in the heat gain 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. CFL/LED lamps for common areas & pathways
(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 envelops & 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 CFL/ LED's

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 uPVC Windows are 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 & FY15 (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, details of Foreign Exchange earnings is Nil and the Foreign Exchange outgo in terms of actual outflows is ` 41,407,304.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th June, 2017

ANNEXURE 4

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	**CIN**	U70102MH2010PTC203618
2.	**Registration Date**	02/06/2010
3.	**Name of the Company**	Mahindra Homes Private Limited (Formerly Watsonia Developers Private Limited and before that Watsonia 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. Tel: 022 6747 8600
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	M/s. Karvy Computershare Private Limited Karvy Selenium, Tower- B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Telephone: 91 40-67162222 Email id: einward.ris@karvy.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

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 Address- Mahindra Towers, 5th Floor, Worli , Mumbai- 400018, Maharashtra	L45200MH1999PLC118949	Holding	74.98%	Section 2(46)
2.	Mahindra and Mahindra Limited Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding	NIL	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	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–

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	
A. Series A Equity Shares of ` 10 each	205,628	–	205,628	50	205,628	411,251	616,879	74.99	24.99
B. Series C Equity Shares of ` 10 each	389	–	389	100	389	–	389	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	206,017	–	206,017	50	206,017	411,251	617,268	74.98	24.98
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	206,017	–	206,017	50	206,017	411,251	617,268	74.98	24.98
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
Series A Equity Shares of ` 10 each	205,628	–	205,628	50	205,628	–	205,628	25.01	24.99
Series B Equity Shares of ` 10 each	389	–	389	100	389	–	389	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 Shares	Demat	Physical	Total	% of Total Shares	
ii. Individual shareholders holding nominal share capital in excess of ` 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	206,017	–	206,017	50	206,017		206,017	25.02	24.98
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**412,034**	–	**412,034**	**100**	**412,034**	**411,251**	**823,285**	**100**	–

(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 for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	
A.	Series A Equity Shares of `10 each (all ordinary shares which were in existence earlier were converted into Series A Equity Shares effective 29th July, 2014)							
1	Mahindra Lifespace Developers Limited	205,628	50	–	616,879	74.99	–	24.99
B.	Series C Equity Shares of `10 each							
1	Mahindra Lifespace Developers Limited	389	100	–	389	100	–	–

(iii) Change in Promoters' Shareholding:

Sr. No.	Promoters Name	Shareholding		Date of transaction	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year 31.03.2017	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Mahindra Lifespace Developers Limited	206017	50	30.03.2017	Increase by 24.98%	Allotment of 411251 series A Rights equity shares	617268	74.98%

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

Shareholding of top ten Shareholders								
	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 for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company for each series of Equity Shares	% of Shares Pledged/ encumbered to total shares	
A.	Series A Equity Shares of ` 10 each (all ordinary shares which were in existence earlier were converted into Series A Equity Shares effective 29th July, 2014)							
1	SCM Real Estate (Singapore) Private Limited	205,628	50	–	205,628	25.01	–	24.99
B.	Series C Equity Shares of ` 10 each							
1	SCM Real Estate (Singapore) Private Limited	389	100	–	389	100	–	–

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company

5. INDEBTNESS

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

(Amount in `)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,841,831,343	6,403,400,000	–	8,245,231,343
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1,130,625,454	–	1,130,625,454
Total (i+ii+iii)	**1,841,831,343**	**7,534,025,454**	**–**	**9,375,856,797**
Change in Indebtedness during the financial year				
• Addition	1,490,493	903,782,917	–	905,273,410
• Reduction	–	–	–	–
Net Change	**1,490,493**	**903,782,917**	**–**	**905,273,410**
Indebtedness at the end of the financial year				
i) Principal Amount	1,843,321,836	6,403,400,000	–	8,246,721,836
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	2,034,408,370	–	2,034,408,370
Total (i+ii+iii)	**1,843,321,836**	**8,437,808,370**	**–**	**10,281,130,206**

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)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th June, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA HOMES PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA HOMES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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 March, 2017, its profit including other comprehensive income, its cash flows and the changes in equity 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on 31 March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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, 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.

iv. The Company has provided requisite disclosures in Note 36 to these financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the total holding and nature of total cash transactions, we report that these disclosures are in accordance with the books of accounts maintained by the Company for the 'total' column only. The books of account and other details maintained by the Company do not include the details of bifurcation between the Specified Bank Notes and other denomination notes for the balances or specified transactions reported in Note 36. Hence, our report is solely based on the management representation for such information related to the holdings and dealings in Specified Bank Notes as included in such disclosure and we were unable to perform alternative audit procedures.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership Number: 37924

Place: Mumbai
Date: April 18, 2017

ANNEXURE 1

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified 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, since the Company's immovable property forming part of fixed assets comprises of building which are on land in possession of the Company, the title deeds are not required.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at 31 March, 2017 and no material discrepancies were noticed in respect of such confirmations.

(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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the business development of residential complexes, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, the provisions relating to provident fund and employees' state insurance are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of 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. According to the information and explanations given to us, provident fund and employees' state insurance are not applicable to the Company.

(c) According to the information and explanations given to us, 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 on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) 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 no fraud/material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(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) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 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. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(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 or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) 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 him as referred to in section 192 of Companies Act, 2013.

(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 B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership Number: 37924

Place: Mumbai
Date: April 18, 2017

ANNEXURE 2

REFERRED TO IN PARAGRAPH 2(F) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF 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")

To the Members of
Mahindra Homes Private Limited

We have audited the internal financial controls over financial reporting of Mahindra Homes Private Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of Ind AS 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 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") and the Standards on Auditing as specified 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 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 March, 2017, 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 Ind AS financial statements of the company, which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 18, 2017 expressed an unqualified opinion thereon.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership Number: 37924

Place: Mumbai
Date: April 18, 2017

BALANCE SHEET AS AT 31 MARCH, 2017

(Amounts in INR)

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	**57,723,780**	78,562,582	67,093,935
Capital Work in Progress		**–**	–	19,839,701
Deferred Tax Assets (Net)	4	**17,447,815**	56,271,846	–
Other Financial Assets	10	**11,924,022**	11,924,022	1,168,350
Other Non-current Assets	5	**–**	–	371,993
		87,095,617	146,758,450	88,473,979
Current assets				
Inventories	6	**4,650,062,104**	4,248,537,265	3,664,006,222
Financial assets				
Investments	7	**–**	279,561,982	–
Trade Receivables	8	**63,208,836**	37,737,556	–
Cash and Cash Equivalents	9	**74,027,664**	78,760,087	144,099,956
Other Bank Balances	9	**2,146,062**	2,000,000	–
Other Financial Assets	10	**31,321**	128,047	86,976
Other current assets	5	**5,979,364,057**	5,257,017,553	4,615,610,208
		10,768,840,044	9,903,742,490	8,423,803,362
Total Assets		**10,855,935,661**	10,050,500,940	8,512,277,341
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	11	**8,232,850**	4,120,340	4,120,340
Other Equity				
Equity Component of convertible preference shares	12	**20**	20	20
Share Premium	12	**19,495,920**	19,495,920	19,495,920
Retained Earnings	12	**67,043,132**	(92,773,864)	(152,341,813)
Hedging Reserve	12	**–**	(736,658)	–
Total Equity		**94,771,922**	(69,894,242)	(128,725,533)
Non-current liabilities				
Financial Liabilities				
Borrowings	13	**8,246,721,836**	8,245,231,343	6,403,400,000
		8,246,721,836	8,245,231,343	6,403,400,000
Current liabilities				
Financial Liabilities				
Trade Payable				
Total outstanding dues of micro enterprises and small enterprises	14	**–**	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	**224,722,736**	201,357,905	110,678,348
Other financial liabilities	15	**2,034,747,457**	1,132,233,902	1,788,594,267
Other Current Liabilities	16	**215,952,360**	538,661,010	338,330,259
Provisions	17	**39,019,350**	2,911,022	–
Total Liabilities		**2,514,441,903**	1,875,163,839	2,237,602,874
Total Equity and Liabilities		**10,855,935,661**	10,050,500,940	8,512,277,341

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership No.: 37924
Place: Mumbai
Date: 18 April, 2017

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Anita Arjundas
Director
DIN No. 00243215
Place: Mumbai
Date: 18 April, 2017

Ramesh Ranganathan
Director
DIN No. - 03118598
Place: Mumbai
Date: 18 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

(Amounts in INR)

Particulars	Note No.	31 March, 2017	31 March, 2016
Income			
Revenue from operations	18	**2,012,704,485**	1,548,720,337
Other income	19	**29,252,270**	13,113,228
Total income		**2,041,956,755**	1,561,833,565
Expenses			
Construction Expenses incurred	20A	**1,998,728,410**	1,824,009,562
(Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	20B	**(401,524,839)**	(584,531,043)
Depreciation Expenses	3	**21,571,263**	20,325,527
Finance Cost	22	**22,912,544**	16,440,000
Other expenses	21	**153,267,659**	279,223,548
Total Expense		**1,794,955,037**	1,555,467,594
Profit before tax		**247,001,718**	6,365,971
Tax expenses			
Current tax	4	**50,421,000**	2,680,000
Earlier year tax	4	**(1,670,441)**	–
Deferred tax	4	**38,434,163**	(55,881,978)
Total tax expense		**87,184,722**	(53,201,978)
Profit for the year (A)		**159,816,996**	59,567,949
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Foreign Currency forward contract		**1,126,526**	(1,126,526)
Income Tax Effect	4	**(389,868)**	389,868
Other Comprehensive Income for the year (B)		**736,658**	(736,658)
Total Comprehensive Income for the year (A+B)		**160,553,654**	58,831,291
Earnings per equity share	23		
Basic			
Class B Equity Shares [nominal value of share ` 10 (31 March, 2016: ` 10)]		**205,420**	76,565
Class C Equity Shares [nominal value of share ` 10 (31 March, 2016: ` 10)]		**205,420**	76,565
Diluted			
Class B Equity Shares [nominal value of share ` 10 (31 March, 2016: ` 10)]		**4,996**	3,725
Class C Equity Shares [nominal value of share ` 10 (31 March, 2016: ` 10)]		**4,996**	3,725

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership No.: 37924
Place: Mumbai
Date: 18 April, 2017

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Anita Arjundas
Director
DIN No. 00243215
Place: Mumbai
Date: 18 April, 2017

Ramesh Ranganathan
Director
DIN No. - 03118598
Place: Mumbai
Date: 18 April, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Cash flow from operating activities		
Profit/(Loss) Before Tax	**247,001,718**	6,365,971
Non-cash adjustment to reconcile profit before tax to net cash flows		
Provision for Defect Liabilities	**4,838,512**	2,911,022
Depreciation	**21,571,263**	20,325,527
Interest Expense	**22,912,544**	16,440,000
Interest Income	**(2,174,515)**	(3,049,134)
Dividend Income	**–**	(7,777,844)
Net gain/(loss) arising on financial assets designated as at FVTPL	**(9,956,513)**	(566,550)
Operating Profit/(Losses) before working capital changes	**284,193,009**	34,648,992
Working Capital changes and other adjustments:		
(Decrease)/Increase in Trade payables	**23,364,831**	90,679,557
(Decrease)/Increase in Other Non Current financial liabilities	**1,490,493**	–
(Decrease)/Increase in Other Current financial liabilities	**(11,318,914)**	–
(Decrease)/Increase in Other Current Liabilities	**(322,708,650)**	200,330,751
(Increase)/Decrease in Trade Receivables	**(25,471,280)**	(37,737,556)
(Increase)/Decrease in Inventories	**673,956,154**	529,514,719
(Increase)/Decrease in Other Current assets	**(714,557,108)**	(647,636,047)
(Increase)/Decrease in Other Current financial assets	**96,726**	330,922
Cash generated from/(used in) operations	**(90,954,739)**	170,131,338
Direct taxes paid (net of refunds)	**(27,050,139)**	(7,578,963)
Net cash flow from/(used in) Operating activities (A)	**(118,004,878)**	162,552,375
Cash flows from Investing activities		
Purchase of property, plant and equipment	**(875,296)**	(29,004,175)
Purchase of current investments	**(337,000,000)**	(924,150,000)
Redemption of current investments	**626,518,495**	645,154,568
Dividend Received	**–**	7,777,844
Interest Income	**2,174,515**	3,049,134
Investment in fixed deposit for more than 3 months	**(2,146,062)**	(2,000,000)
Redemption of fixed deposit for more than 3 months	**2,000,000**	–
Net cash flow from/(used in) Investing activities (B)	**290,671,652**	(299,172,629)
Cash flows from Financing activities		
Issue of Share Capital	**4,112,510**	–
Proceeds from Borrowings	**–**	1,841,831,343
Interest Paid	**(181,511,707)**	(1,770,550,958)
Net cash flow from/(used in) in Financing activities (C)	**(177,399,197)**	71,280,385
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(4,732,423)**	(65,339,869)
Cash and cash equivalents at the beginning of the period	**78,760,087**	144,099,956
Cash and cash equivalents at the end of the period	**74,027,664**	78,760,087
Components of cash and cash equivalents		
Cash on hand	**43,200**	–
With banks		
– on current account	**56,502,302**	48,971,490
– on deposit account	**17,482,162**	29,788,597
Total cash and cash equivalents (note 9)	**74,027,664**	78,760,087

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership No.: 37924
Place: Mumbai
Date: 18 April, 2017

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Anita Arjundas
Director
DIN No. 00243215
Place: Mumbai
Date: 18 April, 2017

Ramesh Ranganathan
Director
DIN No. - 03118598
Place: Mumbai
Date: 18 April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Class A Equity Shares of ` 10 each issued, subscribed and fully paid		
As at 1 April, 2015	411,256	4,112,560
Issue of share capital	–	–
At 31 March, 2016	**411,256**	**4,112,560**
Issue of share capital	411,251	4,112,510
At 31 March, 2017	**822,507**	**8,225,070**
Class B Equity Shares of ` 10 each issued, subscribed and fully paid		
As at 1 April, 2015	389	3,890
Issue of share capital	–	–
At 31 March, 2016	**389**	**3,890**
Issue of share capital	–	–
At 31 March, 2017	**389**	**3,890**
Class C Equity Shares of ` 10 each issued, subscribed and fully paid		
As at 1 April, 2015	389	3,890
Issue of share capital	–	–
At 31 March, 2016	**389**	**3,890**
Issue of share capital	–	–
At 31 March, 2017	**389**	**3,890**
Total Equity Share Capital of ` 10 each issued, subscribed and fully paid		
As at 1 April, 2015	412,034	4,120,340
Issue of share capital	–	–
At 31 March, 2016	**412,034**	**4,120,340**
Issue of share capital	411,251	4,112,510
At 31 March, 2017	**823,285**	**8,232,850**

B. Other Equity

(Amounts in INR)

Particulars	Equity component of compound financial instruments* (Note 12)	Reserves and Surplus		Items of OCI	Total
		Securities Premium Reserve (Note 12)	Retained earnings (Note 12)	Hedging Reserve (Note 12)	
As at 1 April, 2015	20	19,495,920	(152,341,813)	–	(132,845,873)
Profit/(Loss) for the period	–	–	59,567,949	–	59,567,949
Other Comprehensive Income/(Loss)	–	–	–	(736,658)	(736,658)
As at 31 March, 2016	**20**	**19,495,920**	**(92,773,864)**	**(736,658)**	**(74,014,582)**
Profit/(Loss) for the period	–	–	159,816,996	–	159,816,996
Other Comprehensive Income/(Loss)	–	–	–	736,658	736,658
As at 31 March, 2017	**20**	**19,495,920**	**67,043,132**	**–**	**86,539,072**

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL.

As per our report of even date.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership No.: 37924

Place: Mumbai
Date: 18 April, 2017

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Anita Arjundas
Director
DIN No. 00243215

Place: Mumbai
Date: 18 April, 2017

Ramesh Ranganathan
Director
DIN No. - 03118598

Place: Mumbai
Date: 18 April, 2017

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1. Corporate Information

Mahindra Homes Private Limited is a private company domiciled in India and was incorporated on June 2, 2010 under the provisions of the Companies Act applicable in India. The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai – 400018. The company is engaged in the business of development of residential complexes. The Company has started construction of residential tower in Gurgaon & Bangalore.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31 March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer note 30 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The principal accounting policies are set out below.

2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

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.

2.4 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.

2.4.1 Income on sale of residential properties

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

Further, in accordance with the Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India, revenues will be recognized from these real estate projects only when

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

i. All critical approvals necessary for commencement of the project have been obtained and

ii. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and

iii. when at least 10% of the sales consideration is realised and

iv. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

2.4.2 Sale of goods

Revenue from the sale of goods (i.e. residential units sold and entire consideration after the receipt of completion certificate or similar document from the concerned local authority) is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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.

2.4.3 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder'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 recognised 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.

2.5 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised 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.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks see note 2.16.1 for Hedge accounting policies

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.6 Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note no 24). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2 Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 liabilities and assets 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.

2.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8.4 Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

2.9 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The company has used the following rates to provide depreciation on its fixed assets:

	Useful lives estimated by the management (years)
Office Equipment	5
Computers	3 to 6
Furniture	5
Building - Office/Commercial	5

As per Management’s estimate, the project life of Luminare and Windchimes Project is 5 years and after completion of the said project the Building structure along with Furniture and Fixtures will be scrapped. Accordingly, the Management has estimated the useful lives of Building structure along with Furniture and Fixtures at Project site to be 5 years. These estimated lives are lower than those indicated in Schedule II of the Companies Act, 2013.

2.10 Impairment of tangible and intangible assets other than goodwill

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). When 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. When 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 of disposal 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

2.11 Inventories (project work-in-progress)

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Project work-in-progress represents land under development, cost incurred directly in respect of construction activity and indirect construction cost to the extent to which the expenditure is related to the construction or incidental thereto on unsold real estate projects is valued at cost. Cost includes cost of acquisition and internal and external development costs, construction costs, and development/ construction materials.

Construction materials, stores and spares, tools and consumable are valued at lower of cost or net realisable Value.

2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.13 Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

2.14.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.14.2 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.14.3 Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.14.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The

net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.14.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14.6 Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.14.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

2.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.1 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 a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.15.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

2.16.1 Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

2.16.2 Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

2.16.3 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. Property, Plant and Equipment

(Amounts in INR)

Description of Assets	Buildings	Office equipment	Furniture and fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April, 2016	66,995,859	10,503,124	23,728,856	4,138,665	105,366,504
Additions	–	599,375	66,410	66,676	732,461
Disposals	–	–	–	–	–
Balance as at 31 March, 2017	**66,995,859**	**11,102,499**	**23,795,266**	**4,205,341**	**106,098,965**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2016	16,731,459	2,427,964	6,183,907	1,460,592	26,803,922
Depreciation expense for the year	13,459,463	2,082,847	4,764,911	1,264,042	21,571,263
Eliminated on disposal of assets	–	–	–	–	–
Balance as at 31 March, 2017	**30,190,922**	**4,510,811**	**10,948,818**	**2,724,634**	**48,375,185**
III. Net carrying amount (I-II)					
At 31 March, 2017	**36,804,937**	**6,591,688**	**12,846,448**	**1,480,707**	**57,723,780**
At 31 March, 2016	**50,264,400**	**8,075,160**	**17,544,949**	**2,678,073**	**78,562,582**

Description of Assets	Buildings	Office equipment	Furniture and fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April, 2015	43,113,826	7,823,968	19,588,518	3,046,018	73,572,330
Additions	23,882,033	2,679,156	4,140,338	1,092,647	31,794,174
Disposals	–	–	–	–	–
Balance as at 31 March, 2016	**66,995,859**	**10,503,124**	**23,728,856**	**4,138,665**	**105,366,504**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2015	3,937,864	547,087	1,573,393	420,051	6,478,395
Depreciation expense for the year	12,793,595	1,880,877	4,610,514	1,040,541	20,325,527
Eliminated on disposal of assets	–	–	–	–	–
Balance as at 31 March, 2016	**16,731,459**	**2,427,964**	**6,183,907**	**1,460,592**	**26,803,922**
III. Net carrying amount (I-II)					
At 31 March, 2016	**50,264,400**	**8,075,160**	**17,544,949**	**2,678,073**	**78,562,582**
At 01 April, 2015	**39,175,962**	**7,276,881**	**18,015,125**	**2,625,967**	**67,093,935**

4. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Current Tax:		
In respect of current year	**50,421,000**	5,540,000
In respect of prior years	**(1,670,441)**	–
Unrecognised tax loss used to reduce current tax expense	**–**	(2,860,000)
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**38,434,163**	(8,131,934)
In respect of prior period loss where deferred tax was not recognised due to non-availability of probable future tax liability	–	4,987,653

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Recognition of tax effect on tax loss of earlier period not recognised in earlier period, recognised as deferred tax expense in the current period	–	(46,371,846)
Recognition of tax effect of previously originated temporary tax differences on interest income on fixed deposit not recognised earlier, recognised as deferred tax expense in the current period	–	(6,454,830)
Recognition of tax effect of previously originated temporary tax differences on PPE not recognised earlier, recognised as deferred tax expense in the current period	–	88,979
Total income tax expense on income from operations	**87,184,722**	(53,201,978)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Profit before tax from continuing operations	**247,001,718**	6,365,971
Income tax expense calculated at statutory rate of 34.608%	**85,482,355**	2,203,135
Reduction in tax rate due to change in surcharge	–	(98,354)
Effect of income that is exempt from taxation	–	(2,571,589)
Recognition of tax effect on tax loss of earlier period not recognised in earlier period, recognised as deferred tax assets in the current period	–	(46,371,846)
Recognition of tax effect of previously originated temporary tax differences on interest income on fixed deposit not recognised earlier, recognised as deferred tax assets in the current period	–	(6,454,830)
Recognition of tax effect of previously originated temporary tax differences on PPE not recognised earlier, recognised as deferred tax liability in the current period	–	88,979
MAT credit utilised	**1,009,559**	–
Interest on Income Tax leading to Permanent Difference	**616,022**	–
Others	**76,786**	2,527
	87,184,722	(53,201,978)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**87,184,722**	(53,201,978)

The tax rate used for the 31 March, 2017 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

4. Current Tax and Deferred Tax

(i) Movement in deferred tax balances

(Amounts in INR)

	For the Year ended 31 March, 2017			
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**3,062,552**	**4,069,138**	–	**7,131,690**
Provisions	**1,007,446**	**1,674,328**	–	**2,681,774**
Ind AS adjustments	**3,517,104**	–	–	**3,517,104**
Carryforward Tax Loss	**41,384,193**	**(41,384,193)**	–	–
Minimum Alternate Tax Credit	**1,900,000**	**(1,900,000)**	–	–
Foreign Currency forward contract	**389,868**	–	**(389,868)**	–
Other Temporary Differences	**5,010,683**	**(893,436)**	–	**4,117,247**
	56,271,846	**(38,434,163)**	**(389,868)**	**17,447,815**
Net Tax Asset	**56,271,846**	**(38,434,163)**	**(389,868)**	**17,447,815**

(Amounts in INR)

	For the Year ended 31 March, 2016			
Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	–	3,062,552	–	3,062,552
Provisions	–	1,007,446	–	1,007,446
Ind AS adjustments	–	3,517,104	–	3,517,104
Carryforward Tax Loss	–	41,384,193	–	41,384,193
Minimum Alternate Tax Credit	–	1,900,000	–	1,900,000
Foreign Currency forward contract	–	–	389,868	389,868
Other Temporary Differences	–	5,010,683	–	5,010,683
	–	55,881,978	389,868	56,271,846
Net Tax Asset	–	55,881,978	389,868	56,271,846

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

5. Other assets

(Amounts in INR)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Capital advances						
Unsecured, considered good	–	–	–	–	371,993	–
	–	–	–	–	371,993	–
Advances to suppliers						
Unsecured considered good	–	**287,170,316**	–	262,687,590	–	68,180,089
	–	**287,170,316**	–	262,687,590	–	68,180,089
Others						
Advance income-tax (Net of Provision for Taxation)	–	**15,352,818**	–	7,563,422	–	2,664,459
Collaboration Advance	–	**4,666,108,800**	–	4,543,108,800	–	4,516,108,800
Prepaid Expenses	–	**4,039,708**	–	2,839,910	–	3,472,310
Unbilled Revenue	–	**926,844,788**	–	390,749,278	–	–
Balances with statutory/government authorities	–	**79,847,627**	–	50,068,553	–	25,184,550
	–	**5,692,193,741**	–	4,994,329,963	–	4,547,430,119
Total Other Assets	–	**5,979,364,057**	–	5,257,017,553	371,993	4,615,610,208

6. Inventories

(Amounts in INR)

Particulars	As at 01 April, 2015	Spent during previous year	As at 31 March, 2016	Spent during current year	As at 31 March, 2017
Raw Material (A)	6,513,696	48,481,076	54,994,772	20,064,046	75,058,818
Construction work-in-progress comprises of below (B)	3,657,492,526	536,049,967	4,193,542,493	381,460,793	4,575,003,286
Cost of land and related cost	1,563,210,626	–	1,563,210,626	–	1,563,210,626
Construction costs	11,627,363	487,059,210	498,686,573	793,017,419	1,291,703,992
Rates and taxes	26,552,420	36,757,431	63,309,851	7,704,559	71,014,410
Legal & Professional Fees	162,954,707	122,343,159	285,297,866	83,124,767	368,422,633
Finance expenses (net of finance income)	1,884,305,626	1,114,045,762	2,998,351,388	1,075,480,994	4,073,832,382
Power and fuel cost	1,754,812	1,016,193	2,771,005	541,075	3,312,080
Other Project Admin Cost	7,086,972	11,395,709	18,482,681	13,957,039	32,439,720
Charged to P&L (Refer Schedule 20A & 20B)	–	(1,236,567,497)	(1,236,567,497)	(1,592,365,059)	(2,828,932,556)
Total Inventories at lower of cost and net realisable value (A+B)	**3,664,006,222**	**584,531,043**	**4,248,537,265**	**401,524,839**	**4,650,062,104**

The borrowing cost capitalized during the year ended 31 March, 2017 is ` 1,07,54,80,994/- (31 March, 2016: ` 1,11,40,45,762/-). The company capitalized this borrowing cost in the Construction work-in-progress (CWIP).

Raw Material includes Steel, Aluminium form work procured by the company and is being used in project.

Aluminium form work is amortised on a straight line basis over the no. of repetition of usage for which it is procured.

7. Current Investments

(Amounts in INR)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Number of units	Value	Number of units	Value	Number of units	Value
Investments at fair value through Profit & Loss						
Unquoted Investments (all fully paid)						
Investments in Mutual Funds						
Kotak Floater Short Term - Growth			**21,681**	**53,819,751**	–	–
Kotak Liquid Scheme Plan A - Growth			**2,984**	**9,159,974**	–	–
DSP Black Rock - Money Manager Fund - Growth			**18,730**	**38,110,895**	–	–
IDFC Cash Fund - Growth			**34,345**	**63,153,767**	–	–
SBI Premier Liquid Fund - Growth			**48,533**	**115,317,595**	–	–
Total Current Investments	–			**279,561,982**		–

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

8. Trade Receivables

(Amounts in INR)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Non-current	**Current**	Non-current	Current	Non-current	Current
Outstanding over six months						
Considered Good	**–**	**6,041,853**	–	–	–	–
Considered Doubtful	**–**	**–**	–	–	–	–
	–	**6,041,853**	–	–	–	–
Other receivables						
Unsecured Considered Good	**–**	**57,166,983**	–	37,737,556	–	–
Considered Doubtful	**–**	**–**	–	–	–	–
	–	**57,166,983**	–	37,737,556	–	–
Total Trade Receivables	**–**	**63,208,836**	–	37,737,556	–	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 21 to 60 days.

9. Cash and bank balances

(Amounts in INR)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Cash and cash equivalents			
Balances with banks:			
– On current accounts	**56,502,302**	48,971,490	123,567,349
– Deposits with original maturity of less than three months*	**17,482,162**	29,788,597	20,532,575
Cash on hand	**43,200**	–	32
Total Cash and cash equivalent	**74,027,664**	78,760,087	144,099,956
Other Bank Balances			
– Deposits with original maturity for more than three months but less than twelve months	**2,146,062**	2,000,000	–
Total Other Bank balances	**2,146,062**	2,000,000	–

* Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Reconciliation of Cash and Cash Equivalents

(Amounts in INR)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Total Cash and Cash Equivalents as per Balance Sheet	**74,027,664**	78,760,087	144,099,956
Total Cash and Cash Equivalents as per Statement of Cashflow	**74,027,664**	78,760,087	144,099,956

10. Other Financial assets

(Amounts in INR)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Non-current	**Current**	Non-current	Current	Non-current	Current
Unsecured, considered good unless stated otherwise						
Interest accrued on fixed deposits	**–**	**31,321**	–	128,047	–	86,976
Security Deposit with Government Authorities	**11,924,022**	**–**	11,924,022	–	1,168,350	–
Total Other assets	**11,924,022**	**31,321**	11,924,022	128,047	1,168,350	86,976

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Break-up of financial assets carried at amortised cost

(Amounts in INR)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Non-current	**Current**	Non-current	Current	Non-current	Current
Interest accrued on fixed deposits (Note 10)	**–**	**31,321**	–	128,047	–	86,976
Trade Receivables (Note 8)	**–**	**63,208,836**	–	37,737,556	–	–
Cash & Cash Equivalent (Note 9)	**–**	**74,027,664**	–	78,760,087	–	144,099,956
Other Bank Balances (Note 9)	**–**	**2,146,062**	–	2,000,000	–	–
Total financial assets carried at amortised cost	**–**	**139,413,883**	–	118,625,690	–	144,186,932

11. Share capital

(Amounts in INR)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Authorised shares			
1,00,000 Ordinary Equity Shares of ` 10 each	**1,000,000**	1,000,000	1,000,000
15,50,000 Series A Equity Shares of ` 10 each	**15,500,000**	5,500,000	5,500,000
1,16,500 Series B Equity Shares of ` 10 each	**1,165,000**	1,165,000	1,165,000
1,16,500 Series C Equity Shares of ` 10 each	**1,165,000**	1,165,000	1,165,000
250 Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of ` 10 each	**2,500**	2,500	2,500
250 0.01% Compulsorily Convertible Preference Shares (CCPS) of ` 10 each	**2,500**	2,500	2,500
116,500 Series B 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of ` 10 each	**1,165,000**	1,165,000	1,165,000
	20,000,000	10,000,000	10,000,000
Issued, subscribed and fully paid-up shares			
8,22,507 Class A Equity Shares of ` 10 each	**8,225,070**	4,112,560	4,112,560
389 Class B Equity Shares of ` 10 each	**3,890**	3,890	3,890
389 Class C Equity Shares of ` 10 each	**3,890**	3,890	3,890
Total issued, subscribed and fully paid-up share capital	**8,232,850**	4,120,340	4,120,340

During the year ended 31 March, 2017, the authorised share capital for Series A Equity Shares was increased by ` 1,00,00,000 (One Crore only), i.e. 10,00,000 equity shares of ` 10 each

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in INR)

Particulars	Opening Balance	Changes during the year	Closing Balance
(a) Equity Shares without Voting rights			
Class B equity shares			
Year Ended 31 March, 2017			
No. of Shares	389	–	389
Amount	3,890	–	3,890
Year Ended 31 March, 2016			
No. of Shares	389	–	389
Amount	3,890	–	3,890
Year Ended 1 April, 2015			
No. of Shares	389	–	389
Amount	3,890	–	3,890
Class C equity shares			
Year Ended 31 March, 2017			
No. of Shares	389	–	389
Amount	3,890	–	3,890
Year Ended 31 March, 2016			
No. of Shares	389	–	389
Amount	3,890	–	3,890

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(Amounts in INR)

Particulars	Opening Balance	Changes during the year	Closing Balance
Year Ended 1 April, 2015			
No. of Shares	389	–	389
Amount	3,890	–	3,890
(b) Equity Shares with Voting rights			
Class A equity shares			
Year Ended 31 March, 2017			
No. of Shares	411,256	411,251	822,507
Amount	4,112,560	4,112,510	8,225,070
Year Ended 31 March, 2016			
No. of Shares	411,256	–	411,256
Amount	4,112,560	–	4,112,560
Year Ended 1 April, 2015			
No. of Shares	411,256	–	411,256
Amount	4,112,560	–	4,112,560
(c) Preference Shares			
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS)			
Year Ended 31 March, 2017			
No. of Shares	1	–	1
Amount	10	–	10
Year Ended 31 March, 2016			
No. of Shares	1	–	1
Amount	10	–	10
Year Ended 1 April, 2015			
No. of Shares	1	–	1
Amount	10	–	10
0.01% Compulsorily Convertible Preference Shares (CCPS)			
Year Ended 31 March, 2017			
No. of Shares	1	–	1
Amount	10	–	10
Year Ended 31 March, 2016			
No. of Shares	1	–	1
Amount	10	–	10
Year Ended 1 April, 2015			
No. of Shares	1	–	1
Amount	10	–	10

This Note covers the equity component of the issued convertible preference shares

(a) Terms/rights attached to equity shares

The Company has three class of equity shares details are as follows:-

Each holder of Class A Equity Share is entitled to 1 vote per share, shall not carry any dividend and shall not carry any economic rights.

Each holder of Class B Equity Share shall be non voting and entitled to dividend. The economic rights on Series B Equity Shares shall be for the entire Series B as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series B shareholder has achieved a 17% Internal Rate of Return (IRR) on the Investment Subscription Amount. On achieving 17% IRR by the Series B shareholder, the Series B Equity Shares to carry 35% share of the total economic rights of the Shareholders of the Company.

Each holder of Class C Equity Share shall be non voting and entitled to dividend. The economic rights on Series C Equity Shares shall be for the entire Series C as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series C shareholder has achieved a 17% IRR on the Investment Subscription Amount. On achieving 17% IRR by Series C shareholder, the Series C Equity Shares to carry 65% share of the total economic rights of the Shareholders of the Company.

(b) Terms of conversion/ redemption of Compulsorily Convertible Preference Shares (CCPS)

During the period ended 31 March, 2014, the Company issued One Compulsorily Convertible Preference Shares (CCPS) of ` 10 each fully paid-up at a premium of ` 49,990 per share. CCPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum (Fixed Dividend).The Compulsorily Convertible Preference Shares shall be non-cumulative, Compulsory Convertible Preference Shares shall not carry any voting rights. One Compulsorily Convertible Preference Share shall convert to one Series B Equity Share. The Compulsorily Convertible Preference Shares shall be deemed to have automatically and mandatorily converted to Series B Equity Shares at the Conversion Ratio at the expiry of 12 years from the date of allotment. CCPS can be voluntarily converted to Series B Equity Shares at the option of the holder. In a liquidation of the Company, the CCPS shall be deemed to have been converted into Series B Equity Shares.

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(c) Terms of conversion/redemption of Optionally Convertible Redeemable Preference Shares (OCRPS)

During the period ended 31 March, 2014, the Company issued one optionally convertible redeemable preference shares having a nominal value of ` 10. The Series A OCRPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum ("Fixed Dividends"). The Series A OCRPS shall be non-cumulative and not carry any voting rights. One Series A OCRPS shall convert to one Series A Equity Share at the conversion Ratio at the option of the holder of the Series A OCRPS. In a liquidation of the Company, Series A OCRPS shall be deemed to have been converted into Series A Equity Shares.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	**As at 31 March, 2017**		As at 31 March, 2016		As at 01 April, 2015	
	No.	**% holding in the class**	No.	% holding in the class	No.	% holding in the class
Equity shares without voting rights:-						
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company						
Class C equity Shares	**389**	**100%**	389	100%	389	100%
SCM Real Estate (Singapore) Private Limited - Enterprise having joint control over the Company						
Class B equity Share	**389**	**100%**	389	100%	389	100%
Equity shares with voting rights						
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company						
Class A equity Share	**616,879**	**75%**	205,628	50%	205,628	50%
SCM Real Estate (Singapore) Private Limited - Enterprise having joint control over the Company						
Class A equity Shares	**205,628**	**25%**	205,628	50%	205,628	50%
Others						
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company						
OCRPS - Series A	**1**	**100%**	1	100%	1	100%
SCM Real Estate (Singapore) Private Limited - Enterprise having joint control over the Company						
CCPS	**1**	**100%**	1	100%	1	100%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iii) Shares reserved for issue under options

For details of shares reserved for issue on conversion of CCPS and OCRPS, please refer note 11 (b) and 11 (c) respectively regarding terms of conversion/ redemption of preference shares.

12. Other Equity

(Amounts in INR)

Particulars	**Equity component of compound financial instruments***	**Reserves and Surplus**		**Items of OCI**	
		Securities Premium Reserve	**Retained earnings**	**Hedging Reserve**	**Total**
As at 1 April, 2015	20	19,495,920	(152,341,813)	–	(132,845,873)
Profit/(Loss) for the period	–	–	59,567,949	–	59,567,949
Other Comprehensive Income/(Loss)	–	–	–	(736,658)	(736,658)
As at 31 March, 2016	20	19,495,920	(92,773,864)	(736,658)	(74,014,582)
Profit/(Loss) for the period	–	–	159,816,996	–	159,816,996
Other Comprehensive Income/(Loss)	–	–	–	736,658	736,658
As at 31 March, 2017	**20**	**19,495,920**	**67,043,132**	**–**	**86,539,072**

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL.

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

13. Non current borrowings

Details of Long term Borrowings of the Company:

(Amounts in INR)

Description of the instrument	Currency of Loan	**Amortised cost as at 31 March, 2017**	Amortised cost as at 31 March, 2016	Amortised cost as at 1 April, 2015
A. Secured Borrowings:				
a) Term Loans				
(i) From banks	INR	**946,570,673**	1,841,831,343	–
(ii) From Financial Institutions	INR	**896,751,163**	–	–
Total Secured Borrowings		**1,843,321,836**	1,841,831,343	–
B. Un-Secured Borrowings:				
a) Debentures				
3,20,17,000 11.90% Series A Debentures of ` 100/- each	INR	**3,201,700,000**	3,201,700,000	3,201,700,000
3,20,17,000 14.00% Series B Debentures of ` 100/- each	INR	**3,201,700,000**	3,201,700,000	3,201,700,000
Total Un-Secured Borrowings		**6,403,400,000**	6,403,400,000	6,403,400,000
Total non current borrowings		**8,246,721,836**	8,245,231,343	6,403,400,000

* Debentures and Term Loan represents amount repayable after the operating cycle of the project.

Terms and conditions of Debentures

Series A Debentures - Compulsory Convertible Debenture

The Series A Debentures shall earn, net of tax, simple interest of 11.90% per annum payable quarterly. Interest shall become due and payable only on availability of distributable cash. Interest on the Series A Debentures shall be cumulative and payable until the Series A Debentures are converted into Series B Equity Shares. One Series A Debenture shall convert to one Series B Equity Share. The conversion of the Series A Debentures shall at all times be made at the conversion price of ` 50,000. Series A Debentures can be converted to Series B Equity Shares at the Conversion Ratio with the consent of all Shareholders. All Series A Debentures , to the extent outstanding, shall automatically and mandatorily convert to Series B Equity Shares at the Conversion Price upon the expiry of 12 years from the date of allotment. The Series B Equity Shares issued on conversion of the Series A Debentures shall rank pari passu in all respects with the Series C Equity Shares, respectively, in issue on the relevant date of conversion, with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance.

Series B Debentures - Optionally Convertible Debenture

The Series B Debentures shall earn simple interest at a rate of 14% (gross of taxes) per annum payable quarterly. Interest shall become due and payable only on availability of distributable cash. Interest on the Series A Debentures shall be cumulative and payable until the Series B Debentures are converted into Series B OCRPS. One Series B Debenture shall convert to one Series B OCRPS. The conversion of the Series B Debentures shall at all times be made at the conversion price of ` 50,000. Series B Debentures can be converted to Series B OCRPS at the Conversion Ratio with the consent of all Shareholders. Series B Debentures shall be redeemable at issue price or at a premium with the consent of all Shareholders.

Term Loan from Bank

Secured Term loan carries interest of base rate and margin i.e., currently effective @ 9.70% to 10.25%. The Loan is repayable in 8 equal quarterly instalments commencing from 24 months from the first drawdown date viz. 31 March, 2016. The first repayment shall be date falling 27 months from the first drawdown date. The loan is secured against i) a first ranking and exclusive mortgage (subject only to the Permitted Second Charge) on the Land, building and Development Rights of Luminare project. ii) a first ranking and exclusive charge by way of hypothecation over the (a) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the permits, approvals and clearances of the Borrower relating to the Gurgaon Project; (b) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond, corporate guarantee and bank guarantee provided by any Person under the Gurgaon Project Documents; and (c) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any Insurance Policies in relation to the Gurgaon Project (including any proceeds from such Insurance Policies). iii) a first ranking pari passu charge by way of hypothecation (pari passu only with the Security Interest created/to be created to secure the working capital facility), over the Receivables including security deposit to land owners.

14. Trade Payables

(Amounts in INR)

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 01 April, 2015
Trade payable - Micro and small enterprises*	**–**	–	–
Trade payable - Other than micro and small enterprises	**224,722,736**	201,357,905	110,678,348
	224,722,736	201,357,905	110,678,348

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 31.

* There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and 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, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

15. Other Financial liabilities

(Amounts in INR)

Particulars	**As at 31 March, 2017**	As at 31 March, 2016	As at 01 April, 2015
Current			
Financial Liabilities Measured at Amortised Cost			
Interest accrued but not due on borrowings	**2,034,408,370**	1,130,625,454	1,770,690,650
Capital Creditors	**339,087**	481,922	17,903,617

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

(Amounts in INR)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Derivatives designated and effective as hedging instruments through OCI			
Foreign contract payable	**–**	1,126,526	–
Total Other Financial Liabilities	**2,034,747,457**	1,132,233,902	1,788,594,267

Breakup of financial liabilities carried at amortised cost

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Borrowings (non-current) (Note 13)	**8,246,721,836**	8,245,231,343	6,403,400,000
Trade payable - Micro and small enterprises (Note 14)	**–**	–	–
Trade payable - Other than micro and small enterprises (Note 14)	**224,722,736**	201,357,905	110,678,348
Interest accrued but not due on borrowings (Note 15)	**2,034,408,370**	1,130,625,454	1,770,690,650
Capital Creditors (Note 15)	**339,087**	481,922	17,903,617
Total financial liabilities carried at amortised cost	**10,506,192,029**	9,577,696,624	8,302,672,615

16. Other liabilities

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Current			
Advance from customers	**208,855,521**	528,148,143	326,391,233
Statutory dues payable	**7,096,839**	10,512,867	11,939,026
Total Other Current Liabilities	**215,952,360**	538,661,010	338,330,259

17. Provisions

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Current Provision			
Provision for Defect Liabilities#	**7,749,534**	2,911,022	–
Provision for Income Tax (Net of advance tax)	**31,269,816**	–	–
Total Current Provisions	**39,019,350**	2,911,022	–

Provision for defect liability is recognised on potential liability that may arise after handover of possession of project.

The movement in provision for defect liability is as follows:

Particulars	Provision for Defect Liability
Balance at 1 April, 2015	**–**
Additional provisions recognised	**2,911,022**
Amounts used during the period	**–**
Unused amounts reversed during the period	**–**
Unwinding of discount and effect of changes in the discount rate	**–**
Balance at 31 March, 2016	**2,911,022**
Additional provisions recognised	**4,838,512**
Amounts used during the period	**–**
Unused amounts reversed during the period	**–**
Unwinding of discount and effect of changes in the discount rate	**–**
Balance at 31 March, 2017	**7,749,534**

18. Revenue from Operations

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Revenue from rendering of services	**2,012,704,485**	1,548,720,337
Total Revenue from operations	**2,012,704,485**	1,548,720,337

19. Other Income

Particulars	31 March, 2017	31 March, 2016
Other non operating income		
Interest Income on Financial Assets at Amortised Cost	2,174,515	3,049,134
Dividend on Current Investment - Non Trade	–	7,777,844
Net gain/(loss) arising on financial assets designated at FVTPL	9,956,513	566,550
Miscellaneous Income	124,739	348,501
Finance portion in Sales value	16,996,503	1,371,199
Total Other Income	29,252,270	13,113,228

20A. Construction Expenses incurred

Particulars	31 March, 2017	31 March, 2016
Expenses incurred during the year		
Cost of land and related cost	**–**	–
Construction costs	**813,081,465**	535,540,286
Rates and taxes	**7,704,559**	36,757,431
Legal & Professional Fees	**83,124,767**	122,343,159
Finance expenses (net of finance income)	**1,075,480,994**	1,114,045,762
Power and fuel cost	**541,075**	1,016,193
Other Project Admin Cost	**13,957,039**	11,395,709
Total Construction Expenses incurred during the year	**1,993,889,898**	1,821,098,540
Provision for Defect Liability	**4,838,512**	2,911,022
Construction Expenses incurred	**1,998,728,410**	1,824,009,562

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

20B. (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Opening Stock		
Work-in-progress	**4,193,542,493**	3,657,492,526
Raw Material	**54,994,772**	6,513,696
Total Opening Stock	**4,248,537,265**	3,664,006,222
Closing Stock		
Work-in-progress	**4,575,003,286**	4,193,542,493
Raw Material	**75,058,818**	54,994,772
Total Closing Stock	**4,650,062,104**	4,248,537,265
Total (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(401,524,839)**	(584,531,043)

21. Other expenses

Particulars	31 March, 2017	31 March, 2016
Advertising and sales promotion	**52,670,004**	91,764,249
Commission & Brokerage	**10,048,206**	86,146,619
Legal and professional fees	**67,222,273**	71,526,276
Payment to auditor (Refer details below)	**1,155,163**	1,130,806
Repairs & Maintenance Expenses	**7,524,992**	8,313,256
Rent Expenses	**752,400**	752,400
Communication Expense	**975,091**	1,275,971
Interest others	**777**	1,198
Rates & Taxes	**9,878,907**	14,117,729
Travelling & Conveyance	**470,537**	1,111,857
Printing & Stationery	**335,950**	302,101
Miscellaneous Expenses	**1,120,824**	842,136
Power & Fuel	**1,094,804**	1,823,040
Bank Charges	**17,731**	115,910
Total Other expenses	**153,267,659**	279,223,548

Payment to auditor (excluding taxes)	31 March, 2017	31 March, 2016
Audit and Tax Audit Fees	**750,000**	1,100,000
Certification and Other Services	**330,000**	–
Out of Pocket Expenses	**75,163**	30,806
	1,155,163	1,130,806

22. Finance Costs

Particulars	31 March, 2017	31 March, 2016
Interest on Debentures	**896,476,000**	1,129,958,399
Interest on Term Loan	**191,964,994**	527,363

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Interest cost due to discounting to customers	**8,003,289**	–
Interest on Overdraft facility	**169,255**	–
Interest on Income tax payable	**1,780,000**	–
Less: Amounts included in the cost of qualifying assets	**(1,075,480,994)**	(1,114,045,762)
Net Finance Cost	**22,912,544**	16,440,000

Analysis of Interest Expenses by Category

Particulars	31 March, 2017	31 March, 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**1,088,440,994**	1,130,485,762
On Financial Liabilities at FVTPL	**–**	–

23. Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible Debentures and preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	31 March, 2017	31 March, 2016
Continuing Operations		
Profit/(Loss) after tax for the period	159,816,996	59,567,949
Weighted average number of Class A equity shares in calculating EPS**	413,509	411,256
Weighted average number of Class B equity shares in calculating EPS	389	389
Weighted average number of Class C equity shares in calculating EPS	389	389
Face Value of Class B Equity Shares	10	10
Face Value of Class C Equity Shares	10	10
Earnings per Class B Equity share - Basic	205,420	76,565
Earnings per Class C Equity share - Basic	205,420	76,565
Earnings per Class B Equity share - Diluted	4,996	3,725
Earnings per Class C Equity share - Diluted	4,996	3,725

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

The following reflects the profit and share data used in the basic and diluted EPS computations:

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
Net profit/(loss) for the period used in the calculation of basic earning per share	**159,816,996**	59,567,949
Add: Interest on convertible debentures (net) - adjusted for attributable taxes	**483,880,946**	420,333,866
Profit/(loss) for the year used in the calculation of diluted earnings per share	**643,697,942**	479,901,815
Weighted average number of equity shares used in calculating basic EPS	**778**	778
Effect of dilution:		
Convertible Preference Share	**1**	1
Convertible debentures	**128,068**	128,068
Weighted average number of equity shares in the calculation of diluted EPS	**128,847**	128,847

** As Class A Equity Shares does not carry any dividend and economic rights, therefore the same has not been considered in calculation of Basic & Diluted EPS.

24. Leases

(Amounts in INR)

Particulars	31 March, 2017	31 March, 2016
As Lessee		
Operating Lease		
The company has entered into operating leases arrangement for land for construction of project and marketing office. These leases have a life of five years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.		
Future minimum rentals payable under non-cancellable operating leases are as follows:-		
not later than one year	752,400	752,400
After one year but not more than five years	1,215,110	1,967,510
	1,967,510	2,719,910

25. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited SCM Real Estate (Singapore) Private Limited

Related parties with whom transactions have taken place during the year

Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited SCM Real Estate (Singapore) Private Limited
Subsidiary of a company having joint control over the Company	Anthurium Developers Limited
Holding company of enterprise having joint control over the Company	Mahindra & Mahindra Limited
Subsidiary of Holding company of enterprise having joint control over the Company	Mahindra Defence Systems Limited Mahindra Integrated Business Solutions Private Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Amounts in INR)

Nature of transactions with Related Parties	For the year ended	Mahindra Lifespace Developers Limited	SCM Real Estate (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Pvt. Ltd.	Anthurium Developers Limited
Interest on Debentures	31–Mar–17	448,238,000	448,238,000	–	–	–	–
(Accrued but not due for payment)	31–Mar–16	565,100,050	564,858,349	–	–	–	–
Development Management Fees	31–Mar–17	127,408,312	–	–	–	–	–
	31–Mar–16	117,111,292	–	–	–	–	–
Reimbursement of Expenses	31–Mar–17	–	–	1,068,465	–	342,000	–
	31–Mar–16	–	–	1,494,329	–	–	–
Consultancy Services	31–Mar–17	–	–	–	210,000	–	–
	31–Mar–16	–	–	–	–	–	–
Advance given to Vendor	31–Mar–17	–	–	–	–	–	–
	31–Mar–16	–	–	–	239,400	–	–
Lease Rentals - Land	31–Mar–17	–	–	–	–	–	752,400
	31–Mar–16	–	–	–	–	–	752,400

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

The following table provides the balances with related parties as on the relevant date:

(Amounts in INR)

Nature of Balances with Related Parties	Balance as on	Mahindra Lifespace Developers Limited	SCM Real Estate (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Pvt. Ltd.	Anthurium Developers Limited
Long Term Borrowings outstanding as at year end - Series A Debentures	31–Mar–17	–	3,201,700,000	–	–	–	–
	31–Mar–16	–	3,201,700,000	–	–	–	–
	1–Apr–15	–	3,201,700,000	–	–	–	–
Long Term Borrowings outstanding as at year end - Series B Debentures	31–Mar–17	3,201,700,000	–	–	–	–	–
	31–Mar–16	3,201,700,000	–	–	–	–	–
	1–Apr–15	3,201,700,000	–	–	–	–	–
Trade Payables	31–Mar–17	16,801,203	–	2,682,782	2,100	39,900	–
	31–Mar–16	19,245,718	–	1,558,780	–	–	–
	1–Apr–15	38,965,406	–	–	–	–	2,000,000
Prepaid Rent	31–Mar–17	–	–	–	–	–	1,967,510
	31–Mar–16	–	–	–	–	–	2,719,910
	1–Apr–15	–	–	–	–	–	3,472,310
Other Financial Liabilities - Interest Accrued but not due	31–Mar–17	1,013,338,050	1,013,243,882	–	–	–	–
	31–Mar–16	565,100,050	565,005,883		–	–	
	1–Apr–15	885,345,325	885,345,325		–	–	
Advance/Deposit to Vendor	31–Mar–17	–	–	–	–	–	20,000,000
	31–Mar–16	–	–	–	239,400	–	20,000,000
	1–Apr–15	–	–	–	–	–	20,000,000
Surety Given to Haryana VAT department	31–Mar–17	10,714,875	–	–	–	–	–
	31–Mar–16	10,714,875	–	–	–	–	–
	1–Apr–15	–	–	–	–	–	–

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

26. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying Value			Fair value as at		
	31–Mar–17	31–Mar–16	1–Apr–15	31–Mar–17	31–Mar–16	1–Apr–15
Financial assets						
Investments in Mutual Funds	–	279,561,982	–	–	279,561,982	–
Trade Receivables	63,208,836	37,737,556	–	63,208,836	37,737,556	–
Cash and Cash Equivalents	74,027,664	78,760,087	144,099,956	74,027,664	78,760,087	144,099,956
Other Bank Balances	2,146,062	2,000,000	–	2,146,062	2,000,000	–
Interest accrued on fixed deposits	31,321	128,047	86,976	31,321	128,047	86,976
Security Deposit with Govt. Authorities	11,924,022	11,924,022	1,168,350	11,924,022	11,924,022	1,168,350
Total financial assets	**151,337,905**	**410,111,694**	**145,355,282**	**151,337,905**	**410,111,694**	**145,355,282**
Financial liabilities						
Borrowings	8,246,721,836	8,245,231,343	6,403,400,000	8,246,721,836	8,245,231,343	6,403,400,000
Trade Payable	224,722,736	201,357,905	110,678,348	224,722,736	201,357,905	110,678,348
Interest accrued but not due on borrowings	2,034,408,370	1,130,625,454	1,770,690,650	2,034,408,370	1,130,625,454	1,770,690,650
Capital Creditors	339,087	481,922	17,903,617	339,087	481,922	17,903,617
Derivatives in effective hedges	–	1,126,526	–	–	1,126,526	–
Total financial liabilities	**10,506,192,029**	**9,578,823,150**	**8,302,672,615**	**10,506,192,029**	**9,578,823,150**	**8,302,672,615**

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

The management assessed that Investment in Mutual Funds, cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

27. Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March, 2017:

		Fair value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Investments in Mutual Funds		–	–	–	–
Total		–	–	–	–
Financial liabilities					
Liabilities measured at fair value:					
Floating rate borrowings - Term Loan	31–Mar–17		1,843,321,836		1,843,321,836
Compulsory Convertible debentures	31–Mar–17		3,201,700,000		3,201,700,000
Optionally Convertible debentures	31–Mar–17		3,201,700,000		3,201,700,000
					–
Total		**–**	**8,246,721,836**	**–**	**8,246,721,836**

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March, 2016:

		Fair value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Investments in Mutual Funds		279,561,982	–	–	279,561,982
Total		**279,561,982**	**–**	**–**	**279,561,982**
Financial liabilities					
Liabilities measured at fair value:					
Foreign exchange forward contracts (USD)	31–Mar–16	1,126,526	–	–	1,126,526
Floating rate borrowings - Term Loan	31–Mar–16		1,841,831,343		1,841,831,343
Compulsory Convertible debentures	31–Mar–16		3,201,700,000		3,201,700,000
Optionally Convertible debentures	31–Mar–16		3,201,700,000		3,201,700,000
					–
Total		**1,126,526**	**8,245,231,343**	**–**	**8,246,357,869**

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 1 April, 2015:

		Fair value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Total		**–**	**–**	**–**	**–**

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

		Fair value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities					
Liabilities measured at fair value:					
Compulsory Convertible debentures	1–Apr–15	–	3,201,700,000	–	3,201,700,000
Optionally Convertible debentures	1–Apr–15	–	3,201,700,000	–	3,201,700,000
					–
Total		–	6,403,400,000	–	6,403,400,000

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There have been no transfers between Level 1 and Level 2 during the period.

28. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements.

Revenue recognition

Revenue is recognised using the percentage-of-completion method as construction progresses based on the Guidance note on real estate. (see Revenue recognition policy for Income on sale of residential properties in Note 2.4.1)

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

29. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from 1 April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

30. First-time adoption – mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2015 (the transition date).

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April, 2015 (transition date) as deemed cost.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

(i) Reconciliation of Total Equity as at 31 March, 2016 and 1 April, 2015:

Particulars	Foot Note	As at 31 March, 2016	As at 01 April, 2015
Equity as reported under previous GAAP		(63,638,524)	(128,725,533)
Ind AS: Adjustments increase (decrease):			
Mark to Market adjustment of Mutual Fund	a	566,550	–
Finance Component in Sales Price	b	1,371,199	–
Exclusion of finance component	b	(11,810,330)	–
Effective interest rate adjustment	c	(290,109)	–
Deferred tax on Ind AS Adjustment	d	3,906,972	–
Equity as reported under IND AS		(69,894,242)	(128,725,533)

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March, 2016:

Particulars	Foot Note	Year Ended 31 March, 2016
Profit or Loss as per previous GAAP		66,213,536
Ind AS: Adjustments increase (decrease):		
Mark to Market adjustment of Mutual Fund	a	566,550
Finance Component in Sales Price	b	1,371,199
Exclusion of finance component	b	(11,810,330)
Effective interest rate adjustment	c	(290,109)
Deferred tax on Ind AS Adjustment	d	3,517,104
Profit or Loss under Ind AS		**59,567,950**
Other comprehensive income		**(736,658)**
Total comprehensive income under Ind ASs		**58,831,292**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

	Year ended 31 March, 2016		
Particulars	**Previous GAAP**	**Ind AS Adjustments**	**Ind AS**
Net cash flows from operating activities	154,375,874	8,176,501	162,552,375
Net cash flows from investing activities	(302,221,762)	3,049,133	(299,172,629)
Net cash flows from financing activities	82,506,019	(11,225,634)	71,280,385
Net increase (decrease) in cash and cash equivalents	**(65,339,869)**	**–**	**(65,339,869)**
Cash and cash equivalents at beginning of period	**144,099,956**	**–**	**144,099,956**
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	**78,760,087**	**–**	**78,760,087**

Footnotes to the reconciliation of equity as at 1 April, 2015 and 31 March, 2016 and profit or loss for the year ended 31 March, 2016

a) Mark to Market adjustment of Mutual Fund

The fair value of investment is recognised under Ind AS, the same was not recognised under previous GAAP. As a result of the same, there was no impact as on the date of transition. Further for the year ended 31 March, 2016, there has been an increase of ` 5,66,550 in Other Income and an increase of ` 5,66,550 in the value of Current Investments.

b) Finance Component in Sales Price

The company has various scheme in which the customer is given an option for deferred payments, for this there is a differential pricing applicable on the sales unit. The difference in the price of the deferred payment scheme and the normal price is amortised as other income over the period of deferment of payment and the revenue of operation to be recognised excludes the finance component included in price under the Ind AS. This was not recognised under previous GAAP. Accordingly, there has been a decrease of ` 1,18,10,330 in Revenue from Operations, an increase of ` 13,71,199 in Other Income, decrease of ` 1,18,10,330 in Other Current Assets and a decrease of ` 13,71,199 in Other Current Liabilities.

c) Effective interest rate adjustment

Under previous GAAP, transaction costs incurred in connection with borrowings were amortised upfront and charged to qualifying assets for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to qualifying assets using the effective interest rate (EIR) method. Hence, there has been a decrease of ` 81,68,657 in Borrowing and a decrease of ` 81,68,657 in Inventory.

Further, due to change EIR there has been a change in total budget and POCM percentage, resulting into a decrease of ` 21,94,492 in Revenue from operations, a decrease of ` 21,94,492 in Other Current Assets, a decrease of ` 19,04,383 in Construction Expenses and an increase in Inventories by ` 19,04,383.

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

d) Deferred tax on Ind AS Adjustment

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Various transitional adjustments have lead to temporary differences. Accordingly there has been a decrease of ` 35,17,104 in Deferred Tax Expense and an increase in Deferred Tax Assets by ` 35,17,104. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings. Further there has been regrouping of MAT credit entitlement of ` 19,00,000 from Other current assets to Deferred tax assets.

31. Capital 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 31 March, 2017, 31 March, 2016 and 1 April, 2015 is as follows:

(Amounts in INR)

	31-Mar-17	31-Mar-16	1-Apr-15
Debt (A)*	**1,843,321,836**	1,841,831,343	–
Equity (B)	**94,771,922**	(69,894,242)	(128,725,533)
Debt Ratio (A/B)	**19**	NA	NA

* Since the debentures issued by the company are subscribed by the share-holders, the Debt-equity ratio of the company is reviewed by the management based on the external debt only.

32. Financial Risk Management Framework

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investment of surplus funds in mutual funds, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risks related to receivables resulting from customer contract

As per the company's flat handover policy, a flat to a customer is handed over to him only upon clearing of entire dues payable by him since the flat is in the custody of the company and as per the terms of the agreement with the customers, possession of the property is handed over only on clearing of all the dues eliminating the Company's credit risk in this respect.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investment of surplus funds are made only by investing them in mutual funds. Hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR)

Particulars	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**5 years and above**
Non-derivative financial liabilities				
31-Mar-17				
Trade and other payables	192,792,673	23,434,345	8,495,718	–
Interest Accrued but not due	7,826,438	2,026,581,932	–	–
Variable interest rate instruments	–	1,850,000,000	–	–
Fixed interest rate instruments	–	–	–	6,403,400,000
Total	**200,619,111**	**3,900,016,277**	**8,495,718**	**6,403,400,000**
31-Mar-16				
Trade and other payables	187,614,999	1,068,692	12,674,214	–
Interest Accrued but not due	519,521	1,130,105,933	–	–
Variable interest rate instruments	–	925,000,000	925,000,000	–
Fixed interest rate instruments	–	–	–	6,403,400,000
Total	**188,134,520**	**2,056,174,625**	**937,674,214**	**6,403,400,000**
1-Apr-15				
Trade and other payables	110,678,348	–	–	–
Interest Accrued but not due	1,770,690,650	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	–	–	–	6,403,400,000
Total	1,881,368,998	–	–	6,403,400,000

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company undertakes transactions in foreign currencies only for purchase of components which are required to be imported to carry out construction activities; consequently, exposing to exchange rate fluctuations, but the same is not material in nature as compared to the size of the operations of the Company.

NOTES TO IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

The Company manages its foreign currency risk by entering into forward contracts that are expected to settle within a maximum period of 12 months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings at 31 March, 2017 - 78%. At 31 March, 2016, approximately 78% of the Company's borrowings are at a fixed rate of interest (1 April, 2015: 100%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's financial statements are affected through the impact on floating rate borrowings, as follows:

(Amounts in INR)

	Increase/ decrease in basis points	Effect on financial statements*
31-Mar-17		
INR	+50	9,250,000
INR	-50	(9,250,000)
31-Mar-16		
INR	+50	25,342
INR	-50	(25,342)

* The effect as mentioned above will have impact on the carrying value of Inventories and Profit Before Tax. The allocation would depend on the utilisation of the funds.

33. Capital & other Commitments

At 31 March, 2017, the company has commitments of ` 60,00,00,000 (Previous year ` 72,30,00,000) relating to further security deposit payable towards Joint Development Agreement.

At 31 March, 2017, the company has other commitments towards purchase of materials and services for construction of ` 2,12,54,38,104 (Previous year ` 3,18,81,30,541) relating to further amount payable towards other contracts.

34. Segment information

For Management purposes, the Company is organised into business units based on its product and services, and hence operates in only one operating segment, i.e. 'Residential Projects & Development Activities'. Therefore, operating segment reporting in terms of Ind AS 108 on segmental reporting is not applicable. The Company operates only in India.

35. Disclosure pursuant to Guidance note on real estate for projects in progress:

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Aggregate amount of costs incurred and profits recognised (less recognised losses) to date	**3,561,424,822**	1,548,720,337	–
Amount of advances received	**208,855,521**	528,148,143	326,391,233
Amount of work-in-progress	**4,650,062,104**	4,248,537,265	3,664,006,222
Amount of revenue recognised over actual bills raised (unbilled revenue)	**926,844,788**	390,749,278	–

36. Details of Specified Bank Notes (SBN) held and transacted during the specified period

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	17,000	14,217	31,217
(+) Permitted receipts	–	137,000	137,000
(-) Permitted payments	–	107,940	107,940
(-) Amount deposited in Banks	17,000	–	17,000
Closing cash in hand as on 30.12.2016	–	43,277	43,277

37. Previous period figures

Previous years figures have been regrouped/ reclassified wherever necessary to confirm to this period classification.

As per our report of even date.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Jayesh Gandhi
Partner
Membership No.: 37924

Place: Mumbai
Date: 18 April, 2017

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Anita Arjundas
Director
DIN No. 00243215

Place: Mumbai
Date: 18 April, 2017

Ramesh Ranganathan
Director
DIN No. - 03118598

Place: Mumbai
Date: 18 April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their (24th) Twenty- Fourth Report along with the Standalone Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2017***	For the year ended 31st March, 2016*
Total Income	**1,712.60**	2,542.85
Profit before Depreciation and Taxation	**472.73**	346.51
Less: Depreciation	**6.59**	11.01
Profit/(Loss) before exceptional item and tax	**466.14**	335.50
Exceptional Item - Profit on Sale of Fixed asset (Net)	**–**	–
Profit/(Loss) before Tax	**466.14**	335.50
Less : Income Tax thereon:		
Current Tax	**160.10**	115.00
Deferred Tax	**(3.73)**	(4.36)
Net Profit	**309.77**	224.86
Balance of Profit brought forward from last year	**797.21**	651.67
Less : Depreciation on transition on tangible fixed assets	**–**	–
Less: Transfer to General Reserve	**–**	22.18
Dividend paid	**48.76**	47.47
Tax on Dividend paid	**9.92**	9.66
Balance of Profit carried forward	**1,048.30**	797.22
Net Worth	**1,553.90**	1,314.00

* *The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') audited standalone financial statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.*

No material changes and commitments have occurred after the closure of the Financial Year 2016-2017 till the date of this Report, which would affect the financial position of your Company.

OPERATIONS OF THE COMPANY

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. 1,712.60 Lakhs as compared to Rs. 2,542.85 Lakhs in the previous year. On the other hand, your Company consultancy income was Rs. 1,618.56 lakhs registering 5.31% increase of revenue from consultancy income as compared to previous year. Your Company has registered profit before taxation of Rs. 466.14 Lakhs as compared to Rs. 335.50 Lakhs for the previous year representing an increase of 38.94%.

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.

EXEMPTION FROM CONSOLIDATION OF FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), ('Notification'), dated 27th July, 2016, exempted a

partially owned subsidiary company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

The Company has complied with all the conditions as mentioned in the Notification and has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year ended 31st March, 2017 and onwards.

SUBSIDIARY/JOINT VENTURE/ASSOCIATE

During the year, there were no additions/deletions in subsidiaries of the Company as on 31st March, 2017.

A report on the performance and financial position of Mahindra Namaste Limited, wholly owned subsidiary of the Company and its contribution to the overall performance of the Company, pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 for the year ended 31st March, 2017, is provided in Form AOC – 1 and is attached as **Annexure I** to this Report.

Mahindra Namaste Limited ("Namaste"), a wholly owned subsidiary company

Namaste has recorded a gross income of Rs. 57.80 Lakhs for the year under review as against Rs. 186.65 Lakhs in the previous year. In spite of decrease in revenue, the company operations have set the company on a favorable growth trajectory, posted profit for the first time in the current year since incorporation. Namaste posted a profit of Rs. 5.64 Lakhs compared to the previous year loss of Rs. 225.75 Lakhs. Namaste has not declared any dividend during the year ended 31st March, 2017.

SHARE CAPITAL

The Authorised Share Capital of the Company stood at Rs. 4,00,00,000 comprising of 40,00,000 Equity Shares of the face value of Rs. 10 each as on 31st March, 2017

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 as on 31st March, 2017.

DIVIDEND

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

BOARD OF DIRECTORS

Composition:

Presently the Board consist of the following:

Name of Directors	Director Identification Number (DIN)	Category	Number of meetings attended
Mr. S. Venkatraman	00077193	Non-Executive Non-Independent	3
Mr. Parag Shah	00374944	Non-Executive Non-Independent	4
Mr. B. Suresh	01479827	Managing Director and CEO	4

Mr. B Suresh, (DIN: 01479827), Managing Director and CEO retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

There have not been any changes in Directors during the year.

You Company is not required to constitute any mandatory committees of the Board.

NUMBER OF THE MEETINGS OF THE BOARD OF DIRECTORS AND ANNUAL GENERAL MEETING

Your Board of Directors met four times during the year under review on 27th April, 2016, 28th August, 2016, 20th December, 2016 and 16th January, 2017. The gap between two meetings was not more than 120 days.

The 23rd Annual General Meeting (AGM) of the Company was held on 29th September, 2016.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) In the preparation of the annual financial statements for the year ended 31st March, 2017 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 31st March, 2017 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 had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared the annual accounts on a going concern basis; and

(f) 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 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 and CEO 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.

The provisions relating to appointment of Key Managerial Personnel is not applicable to your Company.

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; and

Mr. S. Venkatraman.

No meetings of the Committee were held during the year under review.

STATUTORY AUDITORS AND AUDITORS' REPORT

M/s 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 21st Annual General Meeting until the conclusion of 26th 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 M/s Deloitte Haskins & Sells, Chartered Accountants, to consider 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.

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.

The provisions relating to Secretarial Audit, Internal Audit and Cost Audit are not applicable to your Company.

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 of Directors under section 143(12) of the Companies Act 2013, details of which needs to be mentioned in this Report.

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.

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.

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(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 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.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of 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 & Mahindra Limited.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans given, investments made, and guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review are given in the Note No. 5, Note No. 6 and Note No. 10 to the Standalone Financial Statements and the same forms part of this Report.

INTERNAL FINANCIAL CONTROL

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.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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 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, 2017 is attached herewith as **Annexure IV** and forms part of this Report.

STOCK OPTIONS AND EXERCISE

During the year under review, there were no Stock Options granted, vested and excercised by the employees under the Mahindra Consulting Engineers Employees' Stock Options Scheme. Details of the shares vested, exercised and issued under the aforesaid scheme till date, 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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

CHANGE OF REGISTRAR & SHARE TRANSFER AGENT

Pursuant to SEBI order against Sharepro Services (India) Private Limited, erstwhile Registrar & Share Transfer Agents of the Company, restraining it from buying, selling or dealing in the securities market, the Board of Directors of your Company at their Meeting held on 24th August, 2016, have approved the appointment of M/s. Karvy Computershare Private Limited, as the Registrar & Share Transfer Agents of the Company.

GENERAL DISCLOSURES:

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of sweat equity shares to employees of the Company.
- The Managing Director of the Company does not receive any commission or remuneration from any of Company's holding companies or its subsidiaries.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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	**Parag Shah**
Managing Director and CEO	Director

Mumbai, 26th April, 2017

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 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.)

Sr. No.	Particulars	Details for the year ended 31st March, 2017
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.	The date since when subsidiary was acquired	31st March, 2016
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
5.	Share capital	Rs. 9,01,00,000
6.	Reserves & surplus	Rs. (88,893,369)
7.	Total assets	Rs. 2,288,854
8.	Total Liabilities	Rs. 1,082,223
9.	Investments	NIL
10.	Turnover	Rs. 5,779,504
11.	Profit before taxation	Rs. 563,927
12.	Provision for taxation	NIL
13.	Profit after taxation	Rs. 563,927
14.	Proposed Dividend	NIL
15.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations :. N.A.
2. 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

Parag Shah
Director

Mumbai, 26th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

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: 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)

Particulars	**For the Financial Year ended 31st March, 2017**	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**630.97**	244.36
Total Foreign Exchange Used	**81.15**	56.01

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Mumbai, 26th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties for year ended 31st March 2017
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:

Sr. No.	Particulars	1	2	3	4	5	6
a)	Name (s) of the related party & nature of relationship	Mahindra Namaste Limited - subsidiary	Mahindra World City Developers Limited - Fellow subsidiary	Mahindra Industrial Park Chennai Limited - Fellow subsidiary	Mahindra Holidays And Resorts Limited - Fellow subsidiary	Mahindra Susten Private Limited - Fellow subsidiary	Mahindra World City Jaipir Limited - Fellow subsidiary
b)	Nature of contracts/ arrangements/transaction	Professional services rendered	Professional services rendered	Professional services rendered	Professional services rendered	Professional services rendered	Professional services rendered
c)	Duration of the contracts/ arrangements/transaction	One year	One year	One year	6 months	One year	One year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Contract value - Rs. 23.55 Lakhs	Contract value - Rs. 41.15 Lakhs	Contract value - Rs. 85.34 Lakhs	Contract value - Rs. 0.30 Lakhs	Contract value - Rs. 24.50 Lakhs	Contract value - Rs. 45.00 Lakhs
e)	Date of approval by the Board	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Mumbai, 26th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017
[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**	U74210MH1993PLC074723
2.	**Registration Date**	26th October, 1993
3.	**Name of the Company**	Mahindra Consulting Engineers Limited
4.	**Category/Sub-Category of the Company**	Company limited by Shares/Non-govt company
5.	**Address of Registered office and contact details**	Gateway Building, Apollo Bunder Mumbai 400 001. Contact no. 022 24905620
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.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	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/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	59.01	2(46)
2.	Mahindra Namaste Limited Mahindra Towers, P.K. Kurne Chowk, Mumbai 400 018	U93000MH2010PLC198303	Subsidiary Company	100	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 1st April, 2016)				No. of Shares held at the end of the year (as on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF									
b. Central Govt.									
c. State Govt.									
d. Bodies Corporate	11,50,993	7	11,51,000	59.01	11,50,993	7	11,51,000	59.01	-

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2016)				No. of Shares held at the end of the year (as on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Bank/FI									
f. Any Other (MACE ESOP Trust) (ES)	1,14,792	4,80,590	5,95,382	30.52	1,14,792	4,80,590	5,95,382	30.52	-
Sub-Total-A-(1)	**12,65,785**	**4,80,597**	**17,46,382**	**89.53**	**12,65,785**	**4,80,597**	**17,46,382**	**89.53**	**-**
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	-	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (1+2)	**12,65,785**	**4,80,597**	**17,46,382**	**89.53**	**12,65,785**	**4,80,597**	**17,46,382**	**89.53**	**-**
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-(B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual									
Individual shareholders	2,04,208	–	2,04,208	10.47	2,04,208	–	2,04,208	10.47	-
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2016)				No. of Shares held at the end of the year (as on 31st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**14,69,993**	**4,80,597**	**19,50,590**	**100**	**14,69,993**	**4,80,597**	**19,50,590**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2016)			Shareholding at the end of the year (as on 31st March, 2017)			% 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	11,50,993	59.01	–	11,50,993	59.01	–	–
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	–	–	–
8	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
9	Mr. Zhooben Bhiwandiwala, Mr. Parag Shah and Mr. S. Venkatraman , Trustees of Mahindra Consulting Engineers Employees' Stock Option Trust	5,95,382	30.52	–	5,95,382	30.52	–	–
	Total	**17,46,382**	**89.53**	–	**17,46,382**	**89.53**	–	–

* *Shares held by Mahindra & Mahindra Limited jointly with the Nominees to comply with statutory provisions of Companies Act, 2013, with regard to minimum number of members.*

iii. Change in Promoters' Shareholding: Nil

Particulars	Shareholding at the beginning of the year (as on 1st April, 2016)		Cumulative Shareholding during the year (as on 31st March, 2017)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–
At the End of the year	–	–	–	–

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Particulars	Shareholding at the beginning of the year (as on 1st April, 2016)		Cumulative Shareholding during the year (as on 31st March, 2017)	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
Mr. A. K. Nanda	60,000	3.08	60,000	3.08
Mr. Narayanan CS	22,500	1.15	22,500	1.15
Mr. Srinivasan A	8,088	0.41	8,088	0.41
Mr. Balaji S.	8,055	0.41	8,055	0.41
Mr. Anjanikumar Choudhari	5,000	0.26	5,000	0.26
Mr. Bharat Doshi	5,000	0.26	5,000	0.26
Mr. Ulhas Yargop	3,750	0.19	3,750	0.19
Mr. Rajeev Dubey	3,750	0.19	3,750	0.19
Ms. Vijaya R	2,250	0.12	2,250	0.12
Ms. Sreedevi K	2,074	0.11	2,074	0.11

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April, 2016)		Shareholding at the end of the year (as on 31st March, 2017)	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Balakrishnan Suresh	75,000	3.84	75,000	3.84

V. INDEBTEDNESS

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

(Rs. In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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
		Managing Director and CEO	
1.	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	100.24	100.24
	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 – Performance pay	–	–
	Total (A)	**100.24**	**100.24**
	Ceiling as per the Act	As per the provisions of section 197 Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

I. Independent Directors: Nil

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending board/committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors :-

(Rs. in Lakhs)

Other Non-Executive Directors	Mr. S. Venkatraman	Total Amount
Fee for attending board/committee meetings	0.60	0.60
Commission	–	–
Others	–	–
Total (2)	0.60	0.60
Total B = (1+2)	**0.60**	**0.60**
Ceiling as per the Act		

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

(Rs. in Lakhs)

Sr. No	Particulars of Remuneration	Name of the KMP		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	–	–	–

(Rs. in Lakhs)

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount
	(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 (C)	–	–	–

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)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Balakrishnan Suresh
Managing Director and CEO

Parag Shah
Director

Mumbai, 26th April, 2017

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 during the year: Nil.

b) Options vested during the year: Nil

c) Options exercised during the year: Nil

d) Options exercised till date: 211708 shares

e) The total number of shares arising as a result of exercise of option: 211708 shares

f) Options lapsed: Nil

g) The exercise price: Rs.10 per option/share

h) Variation of terms of options: Nil

i) Money realized by exercise of options: Not Applicable

j) Total number of options in force: 77,235 shares

k) 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 and CEO

Parag Shah
Director

Mumbai, 26th April, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA CONSULTING ENGINEERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA CONSULTING ENGINEERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2017, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, as amended, 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; (Refer Note 32 to the Ind AS financial statements)

ii. The company did not have any material foreseeable losses on long term contracts; the company has not entered into any derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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 26, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "(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 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA CONSULTING ENGINEERS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 respective 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, 2017, 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 : April 26, 2017

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) 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 provided guarantees and hence compliance of Section 185 & Section 186 is not applicable. In our opinion and according to the information and explanation 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.

(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, 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 March 31, 2017 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 March 2017, on account of disputes is given below:

Nature 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

(viii) The Company has not taken 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.

(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 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 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 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 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 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 : 26 April, 2017

BALANCE SHEET AS AT 31st MARCH, 2017

In Rupees

Particulars	Note No	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
I. ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	4	**1,524,552**	1,200,578	1,931,278
(b) Intangible assets/Good will		**–**	–	–
(c) Financial assets				
(i) Investments	5	**1**	1	–
(ii) Trade receivables	9	**387,425**	–	–
(iii) Other Financial Assets	6	**4,668,689**	3,126,142	4,969,365
(d) Other non current assets	7	**1,730,073**	5,687,909	9,887,684
(e) Deferred tax assets (net)	8	**2,765,318**	2,392,170	1,956,198
2 Current assets				
(a) Financial assets				
(i) Trade receivables	9	**74,633,871**	72,282,420	70,970,542
(ii) Cash and cash equivalents	10	**3,276,430**	8,858,866	49,462,733
(iii) Bank balances other than(ii) above	10	**26,527,974**	10,606,983	62,425,359
(iv) Other Financial Assets	6	**12,405,722**	4,516,234	2,739,194
(b) Other current assets	11	**69,824,640**	65,808,529	26,990,439
TOTAL		**197,744,695**	174,479,832	231,332,792
II. EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity share capital	12	**19,505,900**	19,505,900	21,252,500
(b) Other equity	13	**135,884,574**	111,894,907	103,750,516
LIABILITIES				
2 Non-current liabilities				
(a) Provisions	14	**3,147,262**	4,470,218	3,675,380
3 Current liabilities				
(a) Financial liabilities				
(i) Trade payables	15	**25,491,912**	25,977,091	19,317,530
(b) Provisions	14	**3,731,762**	1,183,877	908,154
(c) Other current liabilities	16	**9,983,285**	11,447,839	82,428,712
TOTAL		**197,744,695**	174,479,832	231,332,792

See accompanying notes forming part of the financial statements

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date : April 26, 2017

For and on behalf of the Board

B. Suresh

S. Venkatraman

Parag C. Shah

Place : Mumbai
Date : April 26, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

In Rupees

Particulars	Note No	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Revenue			
Revenue from operations	17	**169,855,388**	249,100,789
Other Income	18	**1,404,771**	5,184,677
Total Revenue		**171,260,159**	254,285,466
Expenses:			
(a) Sub consultancy/sub contractors		**15,433,553**	102,548,579
(b) Employee benefits expense	19	**60,128,981**	71,190,367
(c) Finance costs	20	**393,975**	–
(d) Depreciation expense	21	**659,018**	1,100,931
(e) Other expenses	22	**48,030,850**	45,895,757
Total Expenses		**124,646,377**	220,735,634
Profit before tax		**46,613,782**	33,549,832
Tax Expense			
(a) Current tax		**16,010,000**	11,500,000
(b) Deferred tax		**(373,148)**	(435,972)
Total tax expense		**15,636,852**	11,064,028
Profit after tax		**30,976,930**	22,485,804
Profit for the year		**30,976,930**	22,485,804
Other comprehensive income			
Remeasurement of defined benefit obligation		**(1,118,035)**	(330,783)
Total comprehensive income for the period		**29,858,895**	22,155,021
Earnings per equity share (of Rs.10/- each)			
Basic & diluted	24	**15.88**	11.24

See accompanying notes forming part of the financial statements

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date : April 26, 2017

For and on behalf of the Board

B. Suresh

S. Venkatraman

Parag C. Shah

Place : Mumbai
Date : April 26, 2017

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2017

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
A. Cash flows from operating activities		
Profit before tax for the year	**46,613,782**	33,549,832
Adjustments for:		
Finance costs recognized in profit or loss	**(1,125,082)**	(2,494,255)
Gain on disposal of property, plant and equipment	**(21,977)**	(906)
Net (gain) recorded in profit or loss on financial liabilities designated as at fair value through profit or loss	**(1,118,035)**	(330,783)
Depreciation and amortization of non-current assets	**659,018**	1,100,931
Net foreign exchange (gain)/loss	**1,038,140**	(2,797,337)
	46,045,846	29,027,482
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(3,777,016)**	1,485,459
(Increase) in other assets	**(13,667,744)**	(39,068,381)
Increase/(Decrease) in trade and other payables	**(485,179)**	6,659,561
Increase in provisions	**1,224,929**	1,070,561
(Decrease) in other liabilities	**(1,464,553)**	(70,980,873)
Cash generated from operations	**27,876,284**	(71,806,190)
Income taxes paid	**(12,052,165)**	(7,300,225)
Net cash generated from (used in) operating activities	**15,824,118**	(79,106,416)
B. Cash flows from investing activities		
Proceeds on sale of Property, Plant and Equipment	**29,960**	1,580
Interest received	**1,344,680**	2,810,729
Purchase of non current investments	**–**	(1)
Payments for property, plant and equipment	**(990,975)**	(370,905)
Redemption/ (placement) maturity of bank deposit	**(15,920,991)**	51,818,376
Net cash (used in)/generated by investing activities	**(15,537,326)**	54,259,779

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2017 (contd...)

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
C. Cash flows from financing activities		
Payment for buy-back of shares	**–**	(10,042,950)
Dividends paid to owners of the Company	**(5,869,228)**	(5,714,280)
Net cash used in financing activities	**(5,869,228)**	(15,757,230)
Net decrease in cash and cash equivalents	**(5,582,436)**	(40,603,867)
Cash and cash equivalents at the beginning of the year	**8,858,866**	49,462,733
Cash and cash equivalents at the end of the year	**3,276,430**	8,858,866
Components of cash and cash equivalents		
Cheques on hand	**854,028**	490,000
With banks		
– in current account	**2,422,402**	8,368,866
Total cash and cash equivalents (note 10)	**3,276,430**	8,858,866

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date : April 26, 2017

For and on behalf of the Board

B. Suresh

S. Venkatraman

Parag C. Shah

Place : Mumbai
Date : April 26, 2017

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

In Rupees

		Reserves and Surplus						Items of other comprehensive income	
Particulars	Equity share capital	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Shares Options Outstanding Account (ESOS)	Retained Earnings	Other items of Other Comprehensive Income(specify nature)	Total
As at 1 April 2015	21,252,500	1,627,959	17,351,250	–	17,016,743	2,587,393	65,167,171		103,750,516
Profit/(Loss) for the period							22,485,804		22,485,804
Other Comprehensive Income/(Loss)								(330,783)	(330,783)
Total Comprehensive Income for the year									
Dividend paid on Equity Shares							(4,747,736)		(4,747,736)
Dividend Distribution Tax							(966,544)		(966,544)
Transfers to Reserves				1,746,600			(2,217,601)		(471,001)
Transfers from retained earnings					2,217,601				2,217,601
Any other changes (to be specified) - on account of Buy back	1,746,600		(8,296,350)		(1,746,600)				(10,042,950)
As at 31 March 2016	**19,505,900**	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**79,721,094**	**(330,783.00)**	**111,894,907**
Profit/(Loss) for the period							30,976,930		30,976,930
Other Comprehensive Income/(Loss)								(1,118,035)	(1,118,035)
Total Comprehensive Income for the year								(1,448,818)	
Dividend paid on Equity Shares							(4,876,475)		(4,876,475)
Dividend Distribution Tax							(992,753)		(992,753)
Transfers to Reserves									–
Transfers from retained earnings									–
Any other changes (to be specified)									–
As at 31 March 2017	**19,505,900**	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**104,828,796**	**(1,448,818)**	**135,884,574**

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

Geetha Suryanarayanan
Partner

Place: Chennai
Date : April 26, 2017

For and on behalf of the Board

B. Suresh

S. Venkatraman

Parag C. Shah

Place : Mumbai
Date : April 26, 2017

Notes forming part of the financial statements for the year ended 31st March, 2017

1. General Information

The Company was incorporated on October 26, 1993.

Mahindra Consulting Engineers Limited (MACEL) 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 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

2.3 Revenue Recognition

a. 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.

b. Revenue from project supervision services (included under consultancy) is recognized based on agreed terms of contract and covers personnel costs of employees deputed for the project and includes appropriate overheads and margins.

2.4 Other income

Interest income from a financial asset is recognised 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.

2.5 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised 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.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.18 below for hedging accounting policies)

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current 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. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

2.6.2 Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 liabilities and assets 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.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Tangible and Intangible assets

Property, Plant and Equipment 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 capitalized 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 of, 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.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.8 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.

2.9 Cash Flow Statements:

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.

Cash flows from operating activities are reported using the indirect method, whereby profit before 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 flow from operating, investing and financing activities of the Company are segregated based on the available information.

2.10 Depreciation & Amortisation

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Category of Asset	Useful Life
Computers under consumer durable scheme	5 years
Furniture & fixtures under consumer durable scheme	5 years
Office equipment under consumer durable scheme	5 years

2.11 Investments in equity and subsidiaries

Investments are valued at cost less impairment losses, if any. The carrying values of investments at each balance sheet date are reviewed for impairment if any indication of impairment exists.

2.12 Employee Benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

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 by an independent actuary at the end of each reporting period. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the

beginning of the period to the net defined benefit liability or asset. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognised in profit or loss in the period of a plan amendment.

The obligation recognised in the balance sheet 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.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the group in respect of services provided by employeesupto the reporting date.

2.13 Share Based Payments:

During the year ended 31st 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 31st 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.

2.14 Earnings per Share:

Basic earnings per share is computed by dividing the profit after tax 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 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.

2.15 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/utilizing the credits.

2.16 Operating Cycle:

Based on the nature of services/activities of the Company and the normal time between acquisition of assets and their realization 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.

2.17 Provisions

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.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

2.19 Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

  (i) to receive cash or another financial asset from another entity; or

  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company;All regular way purchases or sales of financial assets are recognised and derecognised 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.19.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.16.

2.19.2 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.20 Financial liabilities and equity instruments

2.20.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.20.2 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 recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.20.3 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.21 First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.21.1 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

2.21.2 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.21.3 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.21.4 Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1st April, 2015 (transition date) as deemed cost.

2.21.5 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

Note 4(i): Property, Plant and Equipment

In Rupees

Description of Assets	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block					
Balance as at 1 April, 2016	**4,249,627**	**2,928,928**	**307,812**	**2,174,612**	**9,660,979**
Additions during the year	237,269	753,706	–	–	**990,975**
Disposals of Assets	63,250	66,773	170,648	–	**300,671**
Balance as at 31 Mar, 2017	**4,423,646**	**3,615,861**	**137,164**	**2,174,612**	**10,351,283**
II. Accumulated depreciation and impairment for the year 2016-2017					
Balance as at 1 April, 2016	3,662,536	2,562,551	237,870	1,997,444	**8,460,401**
Depreciation/ amortization expense for the year	354,967	228,441	7,612	67,998	**659,018**
Eliminated on disposal of assets	62,790	66,773	163,125	–	**292,688**
Balance as at 31 Mar, 2017	**3,954,713**	**2,724,219**	**82,357**	**2,065,442**	**8,826,731**
Net block (I-II) Balance as on 31st Mar 2017	**468,933**	**891,642**	**54,807**	**109,170**	**1,524,552**
I. Gross Block					
Balance as at 1 April, 2015	**4,136,994**	**3,090,287**	**295,812**	**2,174,612**	**9,697,705**
Additions during the year	221,175	137,730	12,000	–	**370,905**
Disposals of Assets	108,542	299,089	–	–	**407,631**
Balance as at 31 Mar, 2016	**4,249,627**	**2,928,928**	**307,812**	**2,174,612**	**9,660,979**
II. Accumulated depreciation and impairment for the year 2015-2016					
Balance as at 1 April, 2015	3,392,946	2,551,405	227,309	1,594,767	**7,766,427**
Depreciation/ amortization expense for the year	378,132	309,561	10,561	402,677	**1,100,931**

In Rupees

Description of Assets	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
Eliminated on disposal of assets	108,542	298,415	–	–	**406,957**
Balance as at 31 Mar, 2016	**3,662,536**	**2,562,551**	**237,870**	**1,997,444**	**8,460,401**
Net block (I-II)					
Balance as on 31st Mar 2016	**587,091**	**366,377**	**69,942**	**177,168**	**1,200,578**

Note 4(ii): Intangible Assets

In Rupees

Description of Assets	Technical Knowhow	Other Intangible	Total
Intangible Assets			
Cost			
Balance as at 1 April, 2016	4,069,438	–	4,069,438
Balance as at 31 March, 2017	4,069,438	–	4,069,438
II. Accumulated depreciation and impairment for the year 2016-2017			
Balance as at 1 April, 2016	4,069,438	–	4,069,438
Balance as at 31 March, 2017	4,069,438	–	4,069,438
Net block (I-II)			–
Balance as on 31st March 2017	–	–	–
Balance as on 31st March 2016	–	–	–
Intangible Assets			
Cost			
Balance as at 1 April, 2015	4,069,438	–	4,069,438
Balance as at 31 March, 2016	4,069,438	–	4,069,438
II. Accumulated depreciation and impairment for the year 2015-2016			
Balance as at 1 April, 2015	4,069,438	–	4,069,438
Balance as at 31 March, 2016	4,069,438	–	4,069,438
Net block (I-II)			–
Balance as on 31st March 2016	–	–	–
Balance as on 1st April 2015	–	–	–

Note 5: Investments

In Rupees

Particulars	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current	As at 31-Mar-16 Current	As at 31-Mar-16 Non-Current	As at 01-Apr-15 Current	As at 01-Apr-15 Non-Current
At cost						
Unquoted investment (fully paid)						
Investment in equity instruments						
Subsidiary						
Mahindra Namaste Limited (9,010,000 Shares, face value of Rs.10 each)		**1**		1	–	–
TOTAL		**1**		1	–	–

Note 6: Other Financial Assets

In Rupees

Particulars	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current	As at 31-Mar-16 Current	As at 31-Mar-16 Non-Current	As at 01-Apr-15 Current	As at 01-Apr-15 Non-Current
Security Deposits						
Unsecured and considered good	**3,897,608**	**910,007**	3,783,522	854,548	1,690,008	3,141,710
Fixed deposits placed as security against contracts		**3,758,682**		2,271,594		1,827,655
Interest accrued but not due on fixed deposits	**409,114**		628,712		945,186	
Other recoverables	**8,099,000**	–	104,000	–	104,000	–
TOTAL	**12,405,722**	**4,668,689**	4,516,234	3,126,142	2,739,194	4,969,365

Note 7: Other assets

In Rupees

Particulars	As at 31-Mar-17 Current	As at 31-Mar-17 Non-Current	As at 31-Mar-16 Current	As at 31-Mar-16 Non-Current	As at 01-Apr-15 Current	As at 01-Apr-15 Non-Current
Advance Income tax (net of provisions)		**1,730,073**		5,687,909		9,887,684
TOTAL	–	**1,730,073**	–	5,687,909	–	9,887,684

Note 8: Deferred tax assets

In Rupees

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Deferred tax assets	**2,765,318**	2,392,170	1,956,198
Deferred tax liabilities	–	–	–
Net deferred tax assets	**2,765,318**	2,392,170	1,956,198

In Rupees

Particulars	As at 31-Mar-17 Recognized in Profit or Loss	As at 31-Mar-17 Recognized in other Comprehensive income	As at 31-Mar-16 Recognized in Profit or Loss	As at 31-Mar-16 Recognized in other Comprehensive income	As at 01-Apr-15 Recognized in Profit or Loss	As at 01-Apr-15 Recognized in other Comprehensive income
Tax effect of items constituting deferred tax asset						
Provision for compensated absences and gratuity	**2,274,412**	–	1,956,769	–	1,557,943	–
On difference between book balance and tax balance of fixed assets	**490,906**	–	435,401	–	398,255	–
TOTAL	**2,765,318**	–	2,392,170	–	1,956,198	–

Note 9: Trade receivables

In Rupees

Particulars	As at 31-Mar-17		As at 31-Mar-16		As at 01-Apr-15	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade receivables						
- Unsecured, considered good	**74,633,871**	**387,425**	72,282,420	–	70,970,542	–
TOTAL	**74,633,871**	**387,425**	72,282,420	–	70,970,542	–

Trade Receivables breakup

In Rupees

Particulars	As at 31-Mar-17		As at 31-Mar-16		As at 01-Apr-15	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Of the above, trade receivables from:						
- Related Parties	**117,225**	–	600,875	–	–	–
- Others	**74,516,646**	**387,425**	71,681,545	–	70,970,542	–
TOTAL	**74,633,871**	**387425**	72,282,420	–	70,970,542	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 10: Cash and Bank Balances

In Rupees

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Cash & Cash equivalents			
Cheques on hand	**854,028**	490,000	–
Balances with banks			
In current accounts	**2,422,402**	8,368,866	49,462,733
TOTAL	**3,276,430**	8,858,866	49,462,733
Other Bank balances			
In deposit accounts more than 3 months and less than 12 months maturity	**24,900,000**	6,200,000	58,100,000
In earmarked accounts			
Deposits with clients	**1,627,974**	4,406,983	4,325,359
TOTAL	**26,527,974**	10,606,983	62,425,359

Note 11: Other current assets

In Rupees

Particulars		As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
a)	**Other current assets**			
	Prepaid expenses	**231,868**	258,258	678,307
	Advances to employees	**680,635**	701,798	323,403
	TOTAL (a)	**912,503**	960,056	1,001,710
b)	**Other current assets**			
	Unbilled revenue	**68,912,137**	64,848,473	25,988,729
	TOTAL (b)	**68,912,137**	64,848,473	25,988,729
TOTAL		**69,824,640**	65,808,529	26,990,439

Note 11(a): Unbilled revenue

In Rupees

Particulars		2016-2017	2015-2016	2014-2015
i)	Contract revenue recognized for the year ended	**169,855,388**	249,100,789	258,654,850
ii)	In respect of contracts in progress as at 31st March 2017, the aggregate costs incurred and recognized profits (net) upto the year end	**209,822,090**	164,898,425	173,606,931
ii)	Retention money for contracts in progress	**1,150,982**	1,520,631	1,587,824

Note 12: Equity share capital

In Rupees

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Authorized			
4,000,000 equity shares of Rs.10 each	40,000,000	40,000,000	40,000,000
Issued, Subscribed & Paid-up			
1,950,590 equity shares of Rs. 10 each (Refer statement of changes in equity)	**19,505,900**	19,505,900	21,252,500

Notes:

(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

19,505,900	19,505,900	21,252,500

i) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of Shareholder	As at 31-Mar-17 Number of shares held	% holding	As at 31-Mar-16 Number of shares held	% holding	As at 01-Apr-15 Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**1,151,000**	**59.01%**	1,151,000	59.01%	1,151,000	54.16%
Mahindra Consulting Engineers Employees Stock Option Trust (MCET)	**595,382**	**30.52%**	595,382	30.52%	770,042	36.23%

ii) Details of shares held by holding company

Class of shares/Name of Shareholder	As at 31-Mar-17 Number of shares held	% holding	As at 31-Mar-16 Number of shares held	% holding	As at 01-Apr-15 Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**1,151,000**	**59.01%**	1,151,000	59.01%	1,151,000	54.16%

Note 13(b): Other Equity

In Rupees

Particulars	Reserves and Surplus						Items of other comprehensive income	
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Shares Options Outstanding Account (ESOS)	Retained Earnings	Other items of Other Comprehensive Income (specify nature)	Total
As at 1 April 2015	**1,627,959**	**17,351,250**	**–**	**17,016,743**	**2,587,393**	**65,167,171**		**103,750,516**
Profit/(Loss) for the period						22,485,804		**22,485,804**
Other Comprehensive Income/(Loss)							(330,783)	**(330,783)**
Total Comprehensive Income for the year								
Dividend paid on Equity Shares						(4,747,736)		**(4,747,736)**
Dividend Distribution Tax						(966,544)		**(966,544)**
Transfers to Reserves			1,746,600			(2,217,601)		**(471,001)**
Transfers from retained earnings				2,217,601				**2,217,601**
Equity Share Issuance Costs								
Exercise of employee stock options								
Options granted during the period								
Any other changes (to be specified) - on account of Buy back		(8,296,350)		(1,746,600)				**(10,042,950)**
As at 31 March 2016	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**79,721,094**	**(330,783.00)**	**111,894,907**
Profit/(Loss) for the period						30,976,930		**30,976,930**
Other Comprehensive Income/(Loss)							(1,118,035)	**(1,118,035)**
Total Comprehensive Income for the year							(1,448,818)	
Dividend paid on Equity Shares						(4,876,475)		**(4,876,475)**
Dividend Distribution Tax						(992,753)		**(992,753)**
Transfers to Reserves								**–**
Transfers from retained earnings								**–**
Equity Share Issuance Costs								
Exercise of employee stock options								
Options granted during the period								
Any other changes (to be specified)								**–**
As at 31 March 2017	**1,627,959**	**9,054,900**	**1,746,600**	**17,487,744**	**2,587,393**	**104,828,796**	**(1,448,818)**	**135,884,574**

Remeasurment gain/loss (net) on defined benefit plans Rs. 11.18 lakhs is recognised during the year 2016-17 as a part of retained earnings.

#Other Reserves

In Rupees

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
(I) Capital Redemption Reserve :			
Balance as at the beginning of the year	–	–	–
Add:			
Transferred from general reserve due to buy back of shares			
Balance as at the end of the year	–	–	–
(II) Share Options Outstanding Account			
Balance as at the beginning of the year	**2,587,393**	2,587,393	2,587,393
Add: Granted/Vested in the year			
Less: Exercised in the year			
Balance as at the end of the year	**2,587,393**	2,587,393	2,587,393

Description of the nature and purpose of Other Equity

General reserve: In the year of declaration of dividend the company transfers such amounts from the current profits to the reserves as deemed appropriate by the Board of Directors.

In Rupees

Particulars	As at 31-Mar-17	As at 31-Mar-16
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 March 2016: Rs 2.50 per share (Rs.2.434 per share)	**4,876,475**	4,747,736
Dividend Distribution Tax on final dividend	**992,753**	966,544
	5,869,228	5,714,280
Proposed dividends on Equity shares		
Final dividend for the year ended on 31 March 2017: Rs Nil per share (Rs 2.50 per share)	–	4,876,475
Dividend Distribution Tax on proposed dividend	–	992,753
	–	5,869,228

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31 March.

Note 14: Provisions

In Rupees

Particulars	As at 31-Mar-17		As at 31-Mar-16		As at 01-Apr-15	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
a) Provision for employee benefits :						
Compensated absences	**2,720,124**	**3,147,262**	150,162	4,470,218	123,462	3,675,380
Gratuity Payable	**1,011,638**	–	1,033,715	–	784,692	–
TOTAL	**3,731,762**	**3,147,262**	1,183,877	4,470,218	908,154	3,675,380

Note 15: Trade Payables

In Rupees

Particulars	As at 31-Mar-17		As at 31-Mar-16		As at 01-Apr-15	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises (Refer Note 32)	–	–	–	–	–	–
Trade payable - Other than micro and small enterprises						
Amounts payable to related party	**14,981,298**	–	9,885,418	–	10,283,175	–
Other payables	**10,510,614**	–	16,091,673	–	9,034,355	–
TOTAL	**25,491,912**	–	25,977,091	–	19,317,530	–

Note 16: Other Current Liabilities

In Rupees

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Advance from customers	**8,337,122**	10,238,570	79,456,269
Statutory dues (Contribution to PF and ESIC, TDS, Service tax etc)	**1,646,163**	1,209,269	2,972,443
TOTAL	**9,983,285**	11,447,839	82,428,712

Note 17: Revenue from Operations

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
(a) Revenue from consulting services	**161,856,388**	153,700,789
(b) Revenue from EPC Contracts	**7,999,000**	95,400,000
TOTAL	**169,855,388**	249,100,789

Note 18: Other Income

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
(a) Interest Income	**1,069,623**	2,065,355
(b) Net gain on foreign currency transactions	–	2,689,516
(c) Gain on sale of asset	**21,977**	906
(d) Interest income security deposit discounting	**55,459**	428,900
(e) Rental income	**257,712**	–
TOTAL	**1,404,771**	5,184,677

Note 19: Employee Benefits Expenses

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
(a) Salaries and wages, including bonus	**54,879,561**	65,922,216
(b) Contribution to provident and other funds (Refer Note 26)	**3,071,868**	3,239,605
(c) Staff welfare expenses	**2,177,552**	2,028,546
TOTAL	**60,128,981**	71,190,367

Note 20: Finance cost

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Interest paid on Income Tax	**393,975**	–
TOTAL	**393,975**	–

Note 21: Depreciation & Amortization expenses

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Depreciation of property, plant and equipment	**659,018**	1,100,931
TOTAL	**659,018**	1,100,931

Note 22: Other Expenses

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
(a) Rent	**4,179,693**	3,049,805
(b) Rates and taxes	**6,857**	245,338
(c) Repairs and maintenance-others	**286,095**	192,116
(d) Power and fuel	**614,500**	588,043
(e) Professional charges	**5,173,607**	2,151,285
(f) Postage, telephone and fax	**1,290,080**	1,363,170
(g) Insurance	**527,010**	494,871
(h) Printing and stationery	**1,520,155**	1,571,646
(i) Traveling & conveyance expenses	**18,588,824**	19,762,838
(j) Vehicle expenses	**862,887**	804,464
(k) Unbilled revenue accrued in earlier years written off	–	12,347,786
(l) CSR Expenditure	–	127,500
(m) Net loss on foreign currency transactions	**1,507,776**	–
(n) EPC project related maintenance expenses	**11,083,701**	970,170
(o) Miscellaneous expenses	**2,389,665**	2,226,725
TOTAL	**48,030,850**	45,895,757

Amount paid/payable to the statutory auditors (included under professional charges in Note 21)

In Rupees

Particulars	For the year ended 31-Mar-17	For the year ended 31-Mar-16
Statutory Audit fees	**650,000**	600,000
TOTAL	**650,000**	600,000

Note 23: Segment information

The Managing director & CEO is also the Chief Operating Decision Maker (CODM) and reviews the performance of the Company.

The CODM monitors the operating results of the business for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

The Company has a single reportable business segment viz. income from consultancy services for the purpose of Accounting Standard 108 on Segment Reporting

Geographic information

The Company is domiciled in India. The amount of its revenue from external customer broken down by location of the customers and information about its non-current assets other than financial instruments, deferred tax assets, post employment benefit asset by location are detailed below:

		In Rupees
Geographic information	**Year Ended 31 March 2017**	Year Ended 31 March 2016
Revenue from external customers		
India	**106,758,665**	224,665,201
Outside India	**63,096,723**	24,435,588
TOTAL	**169,855,388**	249,100,789

			In Rupees
Non-current operating asets:	**As at 31-Mar-17**	As at 31-Mar-16	As at 1-Apr-15
India	**3,254,626**	6,888,487	11,818,962
Outside India	**–**	–	–
Balance as at the end of the year	**3,254,626**	6,888,487	11,818,962

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

Information about major customers

No single customer contributed 10% or more to the Company's revenue for both 2016-17 and 2015-16.

Note 24: Earnings per Share

		In Rupees
Particulars	**For the year ended 31-Mar-17**	For the year ended 31-Mar-16
	Per Share	Per Share
Basic/Diluted Earnings per share	**15.88**	11.24
Total basic/diluted earnings per share	**15.88**	11.24

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		In Rupees
Particulars	**For the year ended 31-Mar-17**	For the year ended 31-Mar-16
Profit for the year after tax	**30,976,930**	22,485,804
Weighted average number of equity shares	**1,950,590**	2,000,220
Earnings per share - Basic & Diluted	**15.88**	11.24

Note 25: Disclosure of interest in Subsidiaries

(a) Details of the Company's material subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company			Quoted (Y/N)
			31-Mar-17	31-Mar-16	1-Apr-15	
Mahindra Namaste Limited	Capacity building and training	Mumbai	100%	100%	0%	No

(b) Summarized financial information in respect of each of the Company's subsidiaries. The summarized financial information below represents amounts before intragroup eliminations.

			In Rupees
Particulars	**Mahindra Namaste Limited**		
	31-Mar-17	31-Mar-16	1-Apr-15
Current Assets	**1,709,198**	1,995,561	16,632,164
Non Current Assets	**579,655**	248,642	18,945,195
Current Liabilities	**1,082,223**	1,601,499	11,732,674
Non Current Liabilities	**–**	–	627,487
Equity Interest Attributable to the owners			
Revenue	**5,779,504**	18,665,066	11,243,340
Expenses	**5,215,576**	41,239,561	48,702,424
Profit/(Loss) for the year	**563,928**	(22,574,495)	(37,459,084)
Profit/(Loss) attributable to the owners of the Company	**563,928**	(22,574,495)	(37,459,084)
Profit/(Loss) attributable to the non controlling interest	**–**	–	–
Profit/(Loss) for the year	**563,928**	(22,574,495)	(37,459,084)
Net Cash Flow from operating activities	**(1,115,268)**	(12,846,774)	(20,625,445)
Net Cash Flow from investing activities	**–**	(469,539)	(6,467,358)
Net Cash Flow from financing activities	**–**	–	30,000,000
Net Cash inflow (outflow)	**(1,115,268)**	(13,316,313)	2,907,197

Note No. 26 - Employee benefits

(a) Defined Contribution Plan

a) The Company has recognized Rs. 1,820,510 (Previous Year Rs. 1,844,917) towards Company's Contribution to Provident Fund and Rs. 942,656/- (Previous Year Rs. 852,458) towards Company's Contribution to Superannuation Fund in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

Gratuity payable as per Payment of Gratuity Act, 1972. In terms of the same Gratuity is computed by multiplying last drawn salary (Basic salary) by completed years of continuous service with part thereof in excess of six months and again by 15/26. Act provides for a vesting period of 5 years for withdrawal and retirement and ceiling of Rs. 10,00,000/-. However if the enterprise has more favourable terms in these regard, the same is to be adopted.

Particulars	Valuation as at		
	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate(s)	**8%**	8%	8%
Expected rate(s) of salary increase	**5%**	5%	5%
Average Longevity	**14.0**	14.4	14.5

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.

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Particulars		Funded Plan Gratuity	
		2017	2016
Ia.	**Expense recognized in the Statement of Profit and Loss for the year ended 31st March:**	**369,488**	376,158
1.	Current service cost	**347,175**	332,811
2.	Past Service Credit	–	–
3.	Interest cost	**22,313**	43,347
Ib.	**Included in other Comprehensive Income**	**1,118,035**	330,783
1.	Return on plan assets	**1,055,717**	319,486
2.	Actuarial (Gain)/Loss on account of:		
	– Demographic Assumptions		
	– Financial Assumptions	**62,318**	11,297
	– Experience Adjustments		
3.	Others (specify)		

Particulars	Funded Plan Gratuity	
	2017	2016
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**347,175**	332,811
Past service cost and (gains)/losses from settlements		
Net interest expense	**22,313**	43,347
Components of defined benefit costs recognized in profit or loss	**369,488**	376,158
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	**1,055,717**	319,486
Actuarial gains and loss arising form experience adjustments	**62,318**	11,297
Others (describe) (expected return on plan assets)		
Components of defined benefit costs recognized in other comprehensive income	**1,118,035**	330,783
Total	**1,487,523**	706,941
I. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**6,762,565**	5,035,128
2. Fair value of plan assets as at 31st March	**5,750,927**	4,001,413
3. Surplus/(Deficit)	**(1,011,638)**	(1,033,715)
4. Current portion of the above		
5. Non current portion of the above		

Particulars		Funded Plan Gratuity	
		2017	2016
II.	**Change in the obligation during the year ended 31st March**		
1.	Present value of defined benefit obligation at the beginning of the year	**5,035,128**	4,065,706
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3.	*Expenses Recognized in Profit and Loss Account*		
	– Current Service Cost	**347,175**	332,811
	– Past Service Cost		
	– Interest Expense (Income)	**399,800**	317,125
4.	*Recognized in Other Comprehensive Income*		
Remeasurement gains/(losses)			
–	Actuarial Gain (Loss) arising from:		
i.	Demographic Assumptions		
ii.	Financial Assumptions		
iii.	Experience Adjustments	**1,055,717**	319,486
5.	Benefit payments	**(75,255)**	
6.	Others (Specify)		
7.	**Present value of defined benefit obligation at the end of the year**	**6,762,565**	5,035,128

Particulars		Funded Plan Gratuity	
		2017	2016
III.	**Change in fair value of assets during the year ended 31st March**		
1.	Fair value of plan assets at the beginning of the year	**4,001,413**	3,281,014
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3.	*Expenses Recognized in Profit and Loss Account*		
	– Expected return on plan assets	**377,487**	307,123
4.	*Recognized in Other Comprehensive Income*		
Remeasurement gains/(losses)			
–	Actual Return on plan assets in excess of the expected return	**(62,318)**	(44,642)
–	Others (specify)		
5.	Contributions by employer (including benefit payments recoverable)	**1,509,600**	457,918
6.	Benefit payments	**(75,255)**	–
7.	**Fair value of plan assets at the end of the year**	**5,750,927**	4,001,413
IV.	**The Major categories of plan assets**		
–	Plan assets by category		
	With insurer	**5,750,927**	4,001,413
		100%	100%
V.	**Actuarial assumptions**		
1.	Discount rate	**7.40%**	8.00%
2.	Expected rate of return on plan assets	**7.40%**	8.00%
3.	Attrition rate	**3.00%**	3.00%
4.	Medical premium inflation	–	–

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	2017	+/- 0.50%	6,560,798	6,979,601
	2016	+/- 0.50%	4,882,724	5,196,514
	2015	+/- 0.50%		
Salary growth rate	2017	+/- 0.50%	6,985,326	6,550,860
	2016	+/- 0.50%	5,204,178	4,874,230
	2015	–		
Life expectancy	2017	+/- 1 year		
	2016	+/- 1 year		
	2015	+/- 1 year		

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs.15,00,000/- to the gratuity trust during the next financial year of 2018.

Maturity profile of defined benefit obligation:

	2017	2016
Within 1 year	**297,015**	231,232
1 - 2 year	**3,623,521**	237,139
2 - 3 year	**167,580**	3,115,251
3 - 4 year	**174,106**	123,472
4 - 5 year	**179,003**	127,731
5 - 10 years	**981,854**	696,317

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 6.8 years (2016: 6.9 years)

VIII. Experience Adjustments:

		Period Ended 2017	2016	2015	2014	2013
		Gratuity				
1.	Defined Benefit Obligation	6,762,565	5,035,128	4,065,706	32,929,676	2,076,747
2.	Fair value of plan assets	5,750,927	4,001,413	3,281,014	2,609,889	1,795,315
3.	Surplus/(Deficit)	(1,011,638)	(1,033,714)	(784,692)	(619,787)	(281,432)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	(814,990)	(382,925)	136,774	415,467	(73,253)
5.	Experience adjustment on plan assets [Gain/(Loss)]	(62,318)	(44,642)	(30,696)	158,719	(161,641)

Note 27: Financial Instruments

Capital management

The Company manages its capital risk in order to maximize shareholders' profit by maintaining optimal capital structure. There is no change in the overall capital risk management strategy of the Company compared to last year. The company manages its funding requirements fully through internal accruals.

Categories of financial assets and financial liabilities

As at 31st March, 2017
In Rupees

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	1			1
Other Financial Assets	4,668,689			4,668,689
Current Assets				
Trade Receivables	74,633,871			74,633,871
Cash and Cash equivalents	3,276,430			3,276,430
Other bank balances	26,527,974			26,527,974
Other Financial Assets	12,405,722			12,405,722
	121,512,687	–	–	**121,512,687**
Non-current Liabilities				
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Trade Payables	25,491,912	–	–	25,491,912
Other Financial Liabilities	9,983,285			9,983,285
	35,475,197	–	–	**35,475,197**

As at 1st April 2016

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	1	–	–	1
Other Financial Assets	3,126,142	–	–	3,126,142
Current Assets				
Trade Receivables	72,282,420	–	–	72,282,420
Cash and Cash equivalents	8,858,866	–	–	8,858,866
Other bank balances	10,606,983	–	–	10,606,983
Other Financial Assets	4,516,234	–	–	4,516,234
	99,390,646	–	–	**99,390,646**
Non-current Liabilities				
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Trade Payables	25,977,091	–	–	25,977,091
Other Financial Liabilities	11,447,839	–	–	11,447,839
	37,424,930	–	–	**37,424,930**

As at 1st April 2015

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	3,126,142	–	–	3,126,142
Current Assets				
Trade Receivables	70,970,542	–	–	70,970,542
Other Bank Balances	62,425,359	–	–	62,425,359
Other Financial Assets	2,739,194	–	–	2,739,194
	139,261,237	–	–	**139,261,237**
Non-current Liabilities				
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Trade Payables	–	–	–	–
	–	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enters into an agreement with each customer. The trade receivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers.

LIQUIDITY RISK

(i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing				
Trade Payable	25,491,912	–	–	–
Total	**25,491,912**	–	–	–
31-Mar-16				
Non-interest bearing				
Trade Payable	25,977,091	–	–	–
Total	**25,977,091**	–	–	–
1-Apr-15				
Non-interest bearing				
Trade Payable	19,317,530	–	–	–
Total	**19,317,530**	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

In Rupees

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing				
Non Current Investment	–	–	–	1
Trade Receivable	74,633,871	–	–	–
Cash and Cash equivalents	3,276,430	–	–	–
Other Non Current Financial Assets	1,730,073	–	–	–
Other Current Financial Assets	12,405,722	–	–	–
TOTAL	**92,046,096**	–	–	**1**
31-Mar-16				
Non-interest bearing				
Non Current Investment	–	–	–	1
Trade Receivable	72,282,420	–	–	–
Cash and Cash equivalents	8,858,866	–	–	–
Other Non Current Financial Assets	10,606,983	–	–	–
Other Current Financial Assets	4,516,234	–	–	–
TOTAL	**96,264,503**	–	–	**1**
1-Apr-15				
Non-interest bearing				
Non Current Investment	–	–	–	–
Trade Receivable	70,970,542	–	–	–
Cash and Cash equivalents	49,462,733	–	–	–
Other Non Current Financial Assets	62,425,359			–
Other Current Financial Assets	2,739,194	–	–	
TOTAL	**185,597,828**	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency Risk

The company is yet to formulate its risk mitigation policies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables	SAR	–	23,600	23,600
	USD	741,409	663,659	773,785
	OMR	10,500	15,000	15,000
	GBP	12,300	–	–
	EURO	112,500	–	–
	AED	–	–	125,000

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables	SAR	–	23,600	23,600
	USD	741,409	663,659	773,785
	OMR	10,500	15,000	15,000
	GBP	12,300	–	–
	EURO	112,500	–	–
	AED	–	–	125,000

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	USD	+10%	74,141	74,141
	USD	-10%	(74,141)	(74,141)
	EUR	+9%	10,125	10,125
	EUR	-9%	(10,125)	(10,125)
31-Mar-16	USD	+8%	53,093	53,093
	USD	-8%	(53,093)	(53,093)
	EUR	+9%	–	–
	EUR	-9%	–	–

Note 28: Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

In Rupees

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortized Cost						
– investments in Equity	**1**	**1**	1	1	–	–
– loans to related parties	**104,000**	**104,000**	104,000	104,000	104,000	104,000
– trade and other receivables	**74,633,871**	**74,633,871**	72,282,420	72,282,420	70,970,542	70,970,542
TOTAL	**74,737,872**	**74,737,872**	72,386,421	72,386,421	71,074,542	71,074,542
Financial liabilities						
Financial liabilities held at amortized cost						
– trade and other payables	**25,491,912**	**25,491,912**	25,977,091	25,977,091	19,317,530	19,317,530
TOTAL	**25,491,912**	**25,491,912**	25,977,091	25,977,091	19,317,530	19,317,530

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity		1		1
– loans to related parties	–	104,000	–	104,000
– trade and other receivables	–	74,633,871	–	74,633,871
TOTAL	**–**	**74,737,872**	**–**	**74,737,872**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	25,491,912	–	25,491,912
TOTAL	**–**	**25,491,912**	**–**	**25,491,912**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity	–	1	–	1
– loans to related parties	–	104,000	–	104,000
– trade and other receivables	–	72,282,420	–	72,282,420
TOTAL	**–**	**72,386,421**	**–**	**72,386,421**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	25,977,091	–	19,317,530
TOTAL	**–**	**25,977,091**	**–**	**19,317,530**

Fair value hierarchy as at 1st April 2015

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– loans to related parties	–	104,000	–	104,000
– trade and other receivables		70,970,542	–	70,970,542
TOTAL	**–**	**71,074,542**	**–**	**71,074,542**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	–	–	–
– loans from related parties	–	–	–	–
– Borrowings from bank	–	–	–	–
– trade and other payables	–	19,317,530	–	19,317,530
TOTAL	**–**	**19,317,530**	**–**	**19,317,530**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 29: Related party disclosures

a) Names of related parties and nature of relationship where control exists:

Sl. No.	Particulars	Nature of relationship
1	Mahindra & Mahindra Limited	Holding Company
2	Mahindra Consulting Engineers Employees Stock Option Trust	Employee Welfare Trust
3	Mahindra Namaste Limited	Subsidiary
4	Mahindra World City Developers Limited	Fellow Subsidiary
5	Mahindra Infrastructure Developers Limited	Fellow Subsidiary
6	Mahindra Lifespace Developers Limited	Fellow Subsidiary
7	Mahindra Industrial Park Chennai Limited	Fellow Subsidiary
8	Mahindra Holidays & Resorts India Limited	Fellow Subsidiary
9	Mahindra Susten Pvt. Ltd	Fellow Subsidiary
10	Mahindra World City (Jaipur) Limited	Fellow Subsidiary
11	Mahindra Holdings Limited	Fellow Subsidiary
12	Mr. B. Suresh, CEO & Managing Director	Key Managerial Personnel (KMP)

b) Details of related party transactions during the year ended 31st March 2017 and balances outstanding as at 31st March 2017

S. No.	Nature of transaction	Holding Company	Subsidiary	Fellow Subsidiaries								Welfare
												Trust
		Mahindra & Mahindra Ltd.	Mahindra Namaste Ltd.	Mahindra Holdings Ltd.	Mahindra World City Developers Ltd.	Mahindra Infra-structure 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
1	2	3	3	4	5	6	7	8	9	10	11	12
1	Income from consultancy services	–	2,355,281	–	4,114,512	–	–	8,533,802	30,000	2,450,000	4,500,000	–
		(–)	(–)	(–)	(4,813,317)	(–)	(–)	(4,530,246)	(720,000)	(11,250,000)	–	(–)
2	Reimbursement of expenses	1,410,298	1,508,547	–	–	–	–	–	–	–	–	–
		(2,054,416)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
3	Rent expense	3,780,012	–	–	–	–	–	–	–	–	–	–
		(2,448,492)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
4	Rent income		257,712									
			(–)									
5	Purchase	–		–	–		–	–	–	–	–	–
		(–)		(–)	(–)	(42,000)	(–)	(–)	(–)	(–)	(–)	(–)
6	Dividend paid	2,877,500		–	–	–	–	–	–	–	–	1,449,160
		(2,801,534)		(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(121,042)
7	Professional charges	63,600	4,950,000	–	–	–	–	–	–	–	–	–
		(300,000)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
8	Purchase of equity shares	–		–	–	–	–	–	–	–	–	–
		–		1	–	–	–	–	–	–	–	–
9	Managerial Remuneration	–		–	–	–	–	–	–	–	–	–
		(–)		(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
10	Outstanding as at year end											
	Payables	14,775,938		–	–	–	97,095	–	0	–	–	–
		(9,788,323)		(–)	(–)	(–)	(97,095)	(–)	(–)	(–)	(–)	(–)
	Receivables			–	–	–	–	–	31350	85,875	–	104,000
				(–)	(–)	(–)	(–)	(–)	(–)	(600,875)	(–)	(104,000)

c) Key Managerial Personnel

Designation	Name	With effect from
CEO & Managing Director	B.Suresh	6-May-13

Note 30: First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March, 2016 and 1st April 2015:

Particulars	As at 31-Mar-16	As at 01-Apr-15
Equity as reported under previous GAAP	125,526,572	118,751,075
Ind AS: Adjustments increase (decrease):		
Dividends not recognized as liability until declared	5,869,228	6,225,950
security deposit discounting	5,007	25,991
Total IND AS adjustment	5,874,235	6,251,941
Equity as reported under IND AS	131,400,807	125,003,016

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016:

Particulars	Year Ended 31-Mar-16
Profit or Loss as per previous GAAP	22,176,005
Ind AS: Adjustments increase (decrease):	
Security Deposits measured at amortized cost instead of nominal value	(20,984)
Employee future benefits – actuarial gains and losses (Net of Tax)	330,783
Total adjustment to profit or loss	309,799
Profit or Loss under Ind AS	22,485,804
Other comprehensive income	(330,783)
Total comprehensive income under Ind ASs	22,155,021

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

	Year ended 31-March-16		
Particulars	**Previous GAAP**	**Ind AS Adjustments**	**Ind AS**
Net cash flows from operating activities	(78,677,516)	(428,900)	(79,106,416)
Net cash flows from investing activities	53,830,879	428,900	54,259,779
Net cash flows from financing activities	(15,757,230)	(0)	(15,757,230)
Net increase (decrease) in cash and cash equivalents	(40,603,867)	0	(40,603,867)
Cash and cash equivalents at beginning of period	49,462,733	0	49,462,733
Cash and cash equivalents at end of period	8,858,866	0	8,858,866

Note 31: Employee 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 31st 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 31st March 2010.

(i) The details of the Employees' Stock Option Scheme are as under:

Date of grant	31-Mar-10
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, 2017	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, 2017	288,943
Number of options exercised and allotted as at March 31, 2017	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.

(v) Since there are no unvested shares as at April 1, 2015, the company availed the exemption under INDAS 101 and accordingly have not recorded the option using the fair value.

Note 32: Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars		As at 31 March 2017	As at 31 March 2016
(i)	Principal amount remaining unpaid to MSME suppliers as on	–	–
(ii)	Interest due on unpaid principal amount to MSME suppliers as on	–	–
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	–	–
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	–	–
(v)	The amount of interest accrued and remaining unpaid as on	–	–
(vi)	The amount of interest due and payable to be disallowed under Income Tax Act, 1961	–	–

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.

ii) Expenditure in foreign currency

Particulars	For the year ended 31 March 2017	In Rupees For the year ended 31 March 2016
Consultancy fees	**1,892,987**	–
Salary	**1,037,606**	3,705,419
Travel	**5,184,400**	1,896,060
TOTAL	**8,114,993**	5,601,479

iii) Disclosure of transactions in Specified bank notes as per Rule 11 of Companies(Audit and Auditors) Rules, 2014

Name of the party	SBNs	Other denomination notes	Total
Closing Cash in hand as on 08.11.2016	30,000	24,965	54,965
(+) Permitted receipts	–	640,000	640,000
(-) Permitted payments	(30,000)	(541,171)	(571,171)
(-) Amount deposited in Banks	–		–
Closing Cash in hand as on 30.12.2016	–	123,794	123,794

Note 33: Other Notes

i. The Company did not have any pending litigation which would impact its financial position;

ii. The company did not have any material foreseeable losses on long term contracts; the company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The provisions of Section 135 of Companies Act, 2013 are not applicable to the company.

Note 34: Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

Note 35: Approval

The financial statements were approved for issue by the board of directors on 26 April, 2017.

For and on behalf of the Board

B. Suresh

S. Venkatraman

Parag C. Shah

Place: Mumbai
Date: April 26, 2017

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

The Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2017.

	Year ended March 31, 2017 USD	**Year ended March 31, 2017 INR**	Year ended March 31, 2016 USD	Year ended March 31, 2016 INR
Total income	**211,931**	**13,750,083**	4,410,123	286,128,780
Profit/(Loss) before taxes	**(3,266,459)**	**(211,927,860)**	1,543,129	100,118,210
Profit/(Loss) after taxes	**(3,266,459)**	**(211,927,860)**	1,543,129	100,118,210

(1) Review for the year ended March 31, 2017:

The Company's subsidiaries worldwide reported increased revenues during the year. However the profits have marginally declined due to higher man power cost and lower utilization during the year. The Company's subsidiaries continued to expand their operations in various geographies and portfolio of offerings.

(2) Outlook for the current year ending March 31, 2018:

The Company expects an improved general business climate despite uncertainties in one of its subsidiary's markets in the USA. Despite the uncertainty the Company expects to have an improved financial performance during the current year.

(3) 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 5, 2017

INDEPENDENT AUDITOR'S REPORT

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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, 2017 and 2016, and the related Statements of revenues and expenses, cash flows and changes in stockholders' equity, 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 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, 2017 and 2016 and the revenues, expenses and cash flows for the years then ended, 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 4, 2017

STATEMENTS OF ASSETS AND LIABILITIES

	Note Ref.	As at March 31, 2017 US$	As at March 31, 2017 INR (Refer note M)	As at March 31, 2016 US$	As at March 31, 2016 INR (Refer note M)
ASSETS					
Current assets					
Cash and cash equivalents	B	**131,973**	**8,562,408**	530,434	34,414,558
Loan to Subsidiary Company	C	**54,814**	**3,556,332**	–	–
Others current Assets		**5,708**	**370,335**	–	–
Total current assets		**192,495**	**12,489,075**	530,434	34,414,558
Non-current assets					
Investments in subsidiaries	D	**29,079,490**	**1,886,677,312**	31,546,219	2,046,718,689
Total non-current assets		**29,079,490**	**1,886,677,312**	31,546,219	2,046,718,689
Total assets		**29,271,985**	**1,899,166,387**	32,076,653	2,081,133,247
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Amounts payable to Subsidiary Company		**4,552,677**	**295,377,684**	4,550,718	295,250,584
Other liabilities, related party		**5,665,088**	**367,550,909**	6,295,504	408,452,300
Other liabilities		**65,046**	**4,220,184**	65,046	4,220,184
Loan from Holding Company	F	**11,100,000**	**720,168,000**	14,600,000	947,248,000
Total current liabilities		**21,382,811**	**1,387,316,777**	25,511,268	1,655,171,068
Non-current liabilities					
Loan from Subsidiary Company	G	**4,500,000**	**291,960,000**	–	–
Total non-current liabilities		**4,500,000**	**291,960,000**	–	–
Stockholders' equity					
Common stock		**10,109**	**655,872**	9,615	623,821
Series A preferred stock		**8,076**	**523,971**	8,076	523,971
Series B preferred stock		**6,920**	**448,970**	6,920	448,970
Additional paid-in-capital		**16,813,169**	**1,090,838,405**	16,723,415	1,085,015,165
Accumulated deficit		**(13,449,100)**	**(872,577,608)**	(10,182,641)	(660,649,748)
Total stockholders' equity		**3,389,174**	**219,889,610**	6,565,385	425,962,179
Total liabilities and stockholders' equity		**29,271,985**	**1,899,166,387**	32,076,653	2,081,133,247

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF REVENUES AND EXPENSES

	Year ended March 31, 2017 US$	**Year ended March 31, 2017 INR (Refer note M)**	Year ended March 31, 2016 US$	Year ended March 31, 2016 INR (Refer note M)
Income	**211,931**	**13,750,083**	4,410,123	286,128,780
Total Income	**211,931**	**13,750,083**	4,410,123	286,128,780
Expenses				
Salaries, bonus and other remuneration	**34,239**	**2,221,426**	692,156	44,907,081
General and administrative expenses	**92,177**	**5,980,444**	65,125	4,225,310
Provision for losses (impairment of investments) in subsidiary company	**2,480,432**	**160,930,428**	1,033,513	67,054,323
Interest expense	**871,542**	**56,545,645**	1,076,200	69,823,856
Total expenses	**3,478,390**	**225,677,943**	2,866,994	186,010,570
Net (loss)/income before tax	**(3,266,459)**	**(211,927,860)**	1,543,129	100,118,210
Income tax	**–**	**–**	–	–
Net (loss)/income	**(3,266,459)**	**(211,927,860)**	1,543,129	100,118,210

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	Year ended March 31, 2017 US$	Year ended March 31, 2017 INR (Refer note M)	Year ended March 31, 2016 US$	Year ended March 31, 2016 INR (Refer note M)
Cash flow from operating activities				
Net (loss)/income	**(3,266,459)**	**(211,927,860)**	1,543,129	100,118,210
Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities				
Stock compensation expense	**34,239**	**2,221,426**	17,705	1,148,700
Provision for losses (impairment of investments) in subsidiary company	**2,480,432**	**160,930,428**	1,033,513	67,054,323
Changes in assets and liabilities				
(Increase) in other current assets	**(5,708)**	**(370,335)**	–	–
(Decrease)/increase in current liabilities, related party	**(628,457)**	**(40,774,290)**	497,070	32,249,902
Loan to Subsidiary Company	**(54,814)**	**(3,556,332)**	–	–
(Decrease) in current liabilities, others	**–**	**–**	(750)	(48,660)
Net cash (used in)/provided by operating activities	**(1,440,767)**	**(93,476,963)**	3,090,667	200,522,475
Cash flow from investing activities				
Investments in subsidiary	**(13,703)**	**(889,051)**	–	–
Net cash (used in) investing activities	**(13,703)**	**(889,051)**	–	–
Cash flow from financing activities				
Proceeds from issue of common stock	**56,009**	**3,633,864**	26,614	1,726,716
Repayment of short term debt	**(3,500,000)**	**(227,080,000)**	(3,540,000)	(229,675,200)
Proceeds from long term debt	**4,500,000**	**291,960,000**	–	–
Net cash provided by/(used in) financing activities	**1,056,009**	**68,513,864**	(3,513,386)	(227,948,484)
Net (decrease) in cash and cash equivalents	**(398,461)**	**(25,852,150)**	(422,719)	(27,426,009)
Cash and cash equivalents at the beginning of the year	**530,434**	**34,414,558**	953,153	61,840,567
Cash and cash equivalents at the end of the year	**131,973**	**8,562,408**	530,434	34,414,558
Supplemental disclosures				
Interest paid	**1,500,000**	**97,320,000**	1,262,940	81,939,547

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in US$

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 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**
Stock issued during the year	–	–	–	–	–	–	493,785	494	55,515	–	56,009
Stock compensation expense	–	–	–	–	–	–	–	–	34,239	–	34,239
Net loss for the year	–	–	–	–	–	–	–	–	–	(3,266,459)	(3,266,459)
Balance as at March 31, 2017	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,109,241**	**10,109**	**16,813,169**	**(13,449,100)**	**3,389,174**

Amount in INR (Refer note M)

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 2015	**21,000,000**	**1,362,480**	**14,995,526**	**972,941**	**37,000,000**	**2,400,560**	**9,349,314**	**606,563**	**1,082,157,007**	**(760,767,958)**	**322,968,553**
Stock issued during the year	–	–	–	–	–	–	266,142	17,258	1,709,458	–	1,726,716
Stock compensation expense	–	–	–	–	–	–	–	–	1,148,700	–	1,148,700
Net profit for the year	–	–	–	–	–	–	–	–	–	100,118,210	100,118,210
Balance as at March 31, 2016	**21,000,000**	**1,362,480**	**14,995,526**	**972,941**	**37,000,000**	**2,400,560**	**9,615,456**	**623,821**	**1,085,015,165**	**(660,649,748)**	**425,962,179**
Stock issued during the year	–	–	–	–	–	–	493,785	32,051	3,601,814	–	3,633,865
Stock compensation expense	–	–	–	–	–	–	–	–	2,221,426	–	2,221,426
Net loss for the year	–	–	–	–	–	–	–	–	–	(211,927,860)	(211,927,860)
Balance as at March 31, 2017	**21,000,000**	**1,362,480**	**14,995,526**	**972,941**	**37,000,000**	**2,400,560**	**10,109,241**	**655,872**	**1,090,838,405**	**(872,577,608)**	**219,889,610**

(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), Bristlecone International AG (Switzerland) and Bristlecone Middle East DMCC (UAE). The Group is engaged in providing technology solutions and consulting services with principal operations in the United States of America, India, Singapore, Malaysia, Germany, Switzerland and UAE. 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 parent-only 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. DIVIDEND INCOME

Dividend Income from subsidiaries is recognised when the company;s right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the Company and the amount of the dividend can be measured reliably.

3.6 INTEREST EXPENSE

Interest expense on inter corporate deposits availed from the Holding Company and loan from Subsidiary Company is recorded on accrual basis.

3.7. 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, 2017 US$	**As at March 31, 2017 INR (Refer note M)**	As at March 31, 2016 US$	As at March 31, 2016 INR (Refer note M)
Balance in checking and money market accounts	**131,973**	**8,562,408**	530,434	34,414,558

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 2017, 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, 2017, the Company does not have balances in excess of the federally insured amounts.

NOTE C – LOAN TO SUBSIDIARY COMPANY

Loan comprises of unsecured loan of US$ 54,814 (INR 3,556,332) [2016: US$ NIL (INR: NIL)] being loan granted to the newly set-up subsidiary (Bristlecone Middle East DMCC), during the year. The loan bears an interest rate of 2.35% p.a. as at March 31, 2017 and is receivable within one year from the date of the grant of loan.

NOTE D – INVESTMENTS

Investments as at year end comprise of investment in subsidiary companies:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (Refer note M)**	As at March 31, 2016 US$	As at March 31,2016 INR (Refer note M)
Bristlecone India Limited	**5,141,789**	**333,599,271**	5,141,789	333,599,271
Bristlecone Inc.	**23,214,889**	**1,506,181,998**	23,214,889	1,506,181,998
Bristlecone UK Limited	**620,108**	**40,232,607**	3,100,540	201,163,035

	As at March 31, 2017 US$	As at March 31, 2017 INR (Refer note M)	As at March 31, 2016 US$	As at March 31,2016 INR (Refer note M)
Bristlecone (Malaysia) SDN. BHD.	**30,239**	**1,961,906**	30,239	1,961,906
Bristlecone Consulting Ltd.	**1**	**65**	1	65
Bristlecone International AG.	**58,761**	**3,812,414**	58,761	3,812,414
Bristlecone Middle East DMCC	**13,703**	**889,051**	–	–
	29,079,490	**1,886,677,312**	31,546,219	2,046,718,689

The Company has investment of US$ 4,134,053 (INR 268,217,359) [2016 US$ 4,134,053 (INR 268,217,359)] in Bristlecone UK Limited, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2017, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2017 are US$ 2,110,753 (INR 136,945,655) [2016 US$ 2,035,914 (INR 132,090,100)].

Due to the continuous losses incurred by Bristlecone UK Limited and based on the expected decline in future, the management of the Company has made a provision amounting to US$ 3,513,945 (INR 227,984,752) [2016 US$ 1,033,513 (INR 67,054,323)] towards impairment of investment as at March 31, 2017, which represents the difference between carrying value and estimated fair value of investments in the subsidiary, as determined by the management.

NOTE E – DIVIDEND INCOME

During the current year, Bristlecone (Malaysia) SDN. BHD. paid a dividend of US$ 211,118 (INR 13,697,336) [2016: US$ 260,213 (INR 16,882,619)] and Bristlecone India Limited paid a dividend of US$ NIL (INR: NIL) [2016: US$ 4,149,903 (INR 269,245,707)]. Dividend income is recognised by the Company when the right to receive payment is established.

NOTE F – LOAN FROM THE HOLDING COMPANY

Loan comprises inter corporate deposits of US$ 11,100,000 (INR 720,168,000) [2016: US$ 14,600,000 (INR 947,248,000)] from the Holding Company, received on various dates during the earlier years. The loan bears an interest rate of 6% p.a. [2016: 6% p.a.] as at March 31, 2017 and is repayable on demand. No demand has been raised by the Holding Company in relation to the balance as at March 31, 2017 till the date of the financial statements.

NOTE G – LOAN FROM THE SUBSIDIARY COMPANY

Loan comprises unsecured loan of US$ 4,500,000 (INR 291,960,000) [2016: US$ NIL (INR: NIL)] being inter corporate deposits from a Subsidiary Company, received on March 24, 2017 and March 27, 2017. The loan bears an interest rate of 2.35% p.a. as at March 31, 2017 and is repayable in five equal instalments, commencing 5 years from the date of receipt.

NOTE H – 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, 2017 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, 2017.

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 I – STOCK COMPENSATION

Bristlecone Limited has four Stock Option Plans:

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.

   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 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, 2017	Weighted average exercise price March 31, 2017	Options outstanding Year ended March 31, 2016	Weighted average exercise price March 31, 2016
Stock Option 2008 Plan				
Outstanding at April 1	**1,646,845**	**US$ 0.41**	1,259,052	US$ 0.10
Granted	**185,000**	**US$ 0.82**	792,500	US$ 0.77
Exercised	**445,885**	**US$ 0.10**	243,242	US$ 0.13
Expired/forfeited	**284,375**	**US$ 0.66**	161,465	US$ 0.20
Outstanding at March 31	**1,101,585**		1,646,845	
Stock Option 2004 Amended Plan				
Outstanding at April 1	**67,900**	**US$ 0.10**	67,900	US$ 0.10
Granted	**–**	**–**	–	–
Exercised	**47,900**	**US$ 0.10**	–	–
Expired/forfeited	**20,000**	**US$ 0.10**	–	–
Outstanding at March 31	**–**		67,900	
Stock Option 2005 Plan				
Outstanding at April 1	**–**	**–**	33,650	US$ 0.10
Granted	**–**	**–**	–	–
Exercised	**–**	**–**	22,900	US$ 0.10
Expired/forfeited	**–**	**–**	10,750	US$ 0.10
Outstanding at March 31	**–**		–	

The Company has a total option pool of 2,272,662 options as at March 31, 2017 towards all the above options and the unallocated options against this pool as at March 31, 2017 is 1,171,077 options.

Additional information on outstanding options:

Exercise price range for the options outstanding is given below:

Grant Price	No of options outstanding	
	March 31, 2017	March 31, 2016
US$ 0.10	395,960	957,245
US$ 0.77	690,625	757,500
US$ 1.41	15,000	–

Options outstanding that have vested and are expected to vest as of the end of the year, are as follows:

	March 31, 2017			March 31, 2016		
	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)
Stock Option 2008 Plan						
Vested	725,827	0.42	6.56	973,288	0.23	6.03
Expected to vest	375,758	0.77	8.31	673,557	0.67	8.86
Stock Option 2004 Amended Plan						
Vested	–	–	–	67,900	0.10	0.77
Stock Option 2005 Plan						
Vested	–	–	–	–	–	–

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, 2017	Year ended March 31, 2016
Dividend yield	0 percent	0 percent
Expected life	6.25 years	6.25 years
Risk free interest rate	1.36 percent	1.78 percent
Volatility	31.00 percent	45.00 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$ 34,239 (INR 2,221,426) [2016: US$ 17,705 (INR 1,148,700)] for the year ended March 31, 2017. The Company received an amount of US$ 49,379 (INR 3,203,710) [2016: US$ 26,614 (INR 1,726,716)] 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, 2017 was approximately US$ 49,432 (INR 3,207,148) [2016: US$ 45,839 (INR 2,974,034)] and is expected to be recognized over a weighted average period of 2.03 years.

The aggregate fair value of all options granted during the year is US$ 44,210 (INR 2,868,345) and weighted average grant date fair value of options vested during the year is US$ 0.69 (INR 45).

NOTE J – 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 K – 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
Holding company
Mahindra & Mahindra Limited
Subsidiary Companies
Bristlecone Inc.
Bristlecone (Malaysia) Sdn Bhd
Bristlecone India Limited
Bristlecone Middle East DMCC

2. Related Party Balances:

		March 31, 2017		March 31, 2016	
Nature of balances	Name of related party	Amount (in US$)	Amount (in INR)	Amount (in US$)	Amount (in INR)
Interest payable as at year end	Mahindra & Mahindra Ltd.	**5,665,087**	**367,550,845**	6,295,504	408,452,300
Principal amount of loan repayable as at year end	Mahindra & Mahindra Ltd.	**11,100,000**	**720,168,000**	14,600,000	947,248,000
Amount payable as at year end	Bristlecone Inc.	**4,550,718**	**295,250,584**	4,550,718	295,250,584
Interest payable as at year end	Bristlecone Inc.	**1,959**	**127,100**	–	–
Principal amount of loan repayable as at year end	Bristlecone Inc.	**4,500,000**	**291,960,000**	–	–
Amount receivable as at year end	Bristlecone Middle East DMCC	**4,901**	**317,977**	–	–
Interest receivable as at year end	Bristlecone Middle East DMCC	**807**	**52,358**	–	–
Principal amount of loan receivable as at year end	Bristlecone Middle East DMCC	**54,814**	**3,556,332**	–	–

3. Related Party Transactions:

		March 31, 2017		March 31, 2016	
Nature of transaction	Name of related party	Amount (in US$)	Amount (in INR)	Amount (in US$)	Amount (in INR)
Payment of interest during the year	Mahindra & Mahindra Ltd.	**1,500,000**	**97,320,000**	1,262,940	81,939,547
Repayment of principal amount of loan during the year	Mahindra & Mahindra Ltd.	**3,500,000**	**227,080,000**	3,540,000	229,675,200
Interest expense for the year	Mahindra & Mahindra Ltd.	**869,583**	**56,418,545**	1,076,200	69,823,856
Dividend received during the year	Bristlecone (Malaysia) Sdn Bhd	**211,118**	**13,697,336**	260,213	16,882,619
Dividend received during the year	Bristlecone India Limited	–	–	4,149,903	269,245,707

		March 31, 2017		March 31, 2016	
Nature of transaction	**Name of related party**	**Amount (in US$)**	**Amount (in INR)**	Amount (in US$)	Amount (in INR)
Reimbursement of expenses paid	Bristlecone Inc.	–	–	683,810	44,365,593
Interest expense	Bristlecone Inc.	**1,959**	**127,100**	–	–
Loan taken during the year	Bristlecone Inc.	**4,500,000**	**291,960,000**	–	–
Interest income	Bristlecone Middle East DMCC	**807**	**52,358**	–	–
Reimbursement of expenses received/ receivable	Bristlecone Middle East DMCC	**4,901**	**317,977**	–	–
Loan granted during the year	Bristlecone Middle East DMCC	**54,814**	**3,556,332**	–	–

NOTE L – 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 M – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2017 along with comparatives for the year ended March 31, 2016 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, 2017 of 1 US$ = 64.88 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 N – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 4, 2017, 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, 2017

The Directors are pleased to present their report together with the Audited Accounts of your Company for the period ended March 31, 2017.

	Year ended March 31, 2017 USD	**Year ended March 31, 2017 INR**	Year ended March 31, 2016 USD	Year ended March 31, 2016 INR
Revenues	**39,115,253**	**2,537,797,615**	38,947,149	2,526,891,027
Profit before tax	**4,254,059**	**276,003,348**	2,966,686	192,478,587
Profit after tax.....	**2,326,845**	**150,965,704**	7,550,671	489,887,534

Review of Operations for the year ended Mar 31, 2017:

Revenues from Operations for the year ended March 31, 2017 was **$ 39.12 m** (INR 2,537.80 m) as compared to ***$ 38.95 m*** *(INR 2,526.89 m)* for the same period in the previous year. During the year the Company revenues grew marginally by 0.4%. Despite the minimal growth in revenues, the Company's efforts to control costs had an impact on the increased profits before tax during the financial year. Profit before tax for the year ended March 31, 2017 was at **$ 4.25 m** (INR 276.00 m) as compared to *$ 2.97 m (INR 192.48 m)* in the previous year. For the year ended March 31, 2016, the Company recognized a deferred tax credit of $ 4.72 m *(INR 306.46 m)* on account of it demonstrating continued profitability. During the year ended Mar 31, 2017, the Company recognized a deferred tax liability of $ 1.72 m (INR 111.69 m). The Profit after tax excluding the adjustments for deferred taxes was $ 4.72 m (INR 262.65 m) for the year ended March 31, 2017 as against the profit after tax of $ 2.83 m *(INR 183.42 m)* for the year ended March 31, 2016.

Outlook for the year ending Mar 31, 2018:

Despite the uncertainties in the markets the Company operates in, it 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.

Acknowledgement

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 5, 2017

Independent auditor's report

To the Board of Directors and Shareholders of Bristlecone, Inc.

Opinion

We have audited the accompanying financial statements of Bristlecone, Inc. (the 'Company') (a California Corporation and wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheets as at 31 March 2017 and 2016, and the statements of comprehensive income, changes in stockholders' equity, and statements of cash flows for each of the two years in the year ended 31 March 2017, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017 and 2016, its financial performance and cash flows for each of the two years in the year ended 31 March 2017, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Grant Thornton India LLP

Mumbai, India
Date: 4th May, 2017

BALANCE SHEETS

	Notes	As at March 31, 2017 (US$)	As at March 31, 2017 (INR) (refer Note R)	As at March 31, 2016 (US$)	As at March 31, 2016 (INR) (refer Note R)
ASSETS					
Current assets					
Cash and cash equivalents	B	**3,096,538**	**200,903,385**	7,077,997	459,220,445
Accounts receivable, net					
– Due from related parties		**97,830**	**6,347,210**	17,008	1,103,479
– Others		**5,486,440**	**355,960,227**	5,077,098	329,402,118
Unbilled revenue					
– Due from related party		**51,000**	**3,308,880**	161,935	10,506,343
– Others		**4,925,039**	**319,536,530**	1,935,677	125,586,724
Loan to related parties	I	**130,000**	**8,434,400**	–	–
Other current assets					
– Due from related parties		**4,989,245**	**323,702,216**	4,550,718	295,250,584
– Others	D	**922,179**	**59,830,974**	606,692	39,362,177
Total current assets		**19,698,271**	**1,278,023,822**	19,427,125	1,260,431,870
Non-current assets					
Equipment and software, net	E	**930,575**	**60,375,706**	1,055,385	68,473,379
Deferred tax assets, net	H	**3,002,099**	**194,776,183**	4,723,529	306,462,562
Loan to related parties	I	**4,770,000**	**309,477,600**	–	–
Other assets		**125,561**	**8,146,398**	125,099	8,116,423
Total non-current assets		**8,828,235**	**572,775,887**	5,904,013	383,052,364
Total assets		**28,526,506**	**1,850,799,709**	25,331,138	1,643,484,234
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable:					
– Due to related parties		**1,130,984**	**73,378,242**	475,339	30,839,994
– Others		**282,796**	**18,347,804**	306,547	19,888,769
Employee related liabilities		**2,716,707**	**176,259,950**	3,488,611	226,341,082
Accrued expenses and other current liabilities	F	**2,579,652**	**167,367,822**	1,666,821	108,143,347
Short term borrowing	G	**1,000,000**	**64,880,000**	1,000,000	64,880,000
Total current liabilities		**7,710,139**	**500,233,818**	6,937,318	450,093,192
Non-current liabilities					
Obligation under capital leases		**2,523**	**163,692**	21,139	1,371,499
Deferred rent and lease incentive		**483,593**	**31,375,514**	534,935	34,706,583
Total non-current liabilities		**486,116**	**31,539,206**	556,074	36,078,082
Total liabilities		**8,196,255**	**531,773,024**	7,493,392	486,171,274
Stockholders' equity	J				
Series A Preferred stock, no par value		**774,518**	**50,250,728**	774,518	50,250,728
Series B Preferred stock, no par value		**5,939,606**	**385,361,637**	5,939,606	385,361,637
Common stock, no par value		**136,664**	**8,866,760**	136,664	8,866,760
Additional paid-in capital		**17,950,580**	**1,164,633,631**	17,784,920	1,153,885,610
Accumulated deficit		**(4,471,117)**	**(290,086,071)**	(6,797,962)	(441,051,775)
Total stockholders' equity		**20,330,251**	**1,319,026,685**	17,837,746	1,157,312,960
Total liabilities and stockholders' equity		**28,526,506**	**1,850,799,709**	25,331,138	1,643,484,234

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF EARNINGS

	Notes	**Year ended March 31, 2017 (US$)**	**Year ended March 31, 2017 (INR) (refer Note R)**	Year ended March 31, 2016 (US$)	Year ended March 31, 2016 (INR) (refer Note R)
Revenues		**39,115,253**	**2,537,797,615**	38,947,149	2,526,891,027
Operating expenses					
Cost of revenues		**25,745,846**	**1,670,390,488**	26,688,651	1,731,559,677
Selling, general and administrative expenses		**8,815,408**	**571,943,671**	8,986,279	583,029,782
Depreciation and amortization		**282,187**	**18,308,293**	265,262	17,210,199
Total operating expenses		**34,843,441**	**2,260,642,452**	35,940,192	2,331,799,658
Operating profit		**4,271,812**	**277,155,163**	3,006,957	195,091,369
Interest expense		**17,753**	**1,151,815**	40,271	2,612,782
Net profit before tax		**4,254,059**	**276,003,348**	2,966,686	192,478,587
Income tax expense	H				
Current tax		**205,784**	**13,351,266**	139,544	9,053,615
Deferred tax		**1,721,430**	**111,686,378**	(4,723,529)	(306,462,562)
Profit for the year and total comprehensive income		**2,326,845**	**150,965,704**	7,550,671	489,887,534

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	Year ended March 31, 2017 (US$)	**Year ended March 31, 2017 (INR) (refer Note R)**	Year ended March 31, 2016 (US$)	Year ended March 31, 2016 (INR) (refer Note R)
Cash flow from operating activities				
Net profit	**2,326,845**	**150,965,704**	7,550,671	489,887,534
Adjustments to reconcile net profit to net cash (used in) generated from operating activities				
Depreciation and amortization	**282,187**	**18,308,293**	265,262	17,210,199
Deferred tax expense/(benefit)	**1,721,430**	**111,686,378**	(4,723,529)	(306,462,562)
Loss on disposal of equipment and software	**–**	**–**	5,976	387,723
Unrealised exchange loss/(gain), net	**59**	**3,828**	(30)	(1,946)
Bad debts	**–**	**–**	179,213	11,627,339
Stock compensation expense	**165,660**	**10,748,021**	176,589	11,457,094
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	**(3,368,650)**	**(218,558,011)**	1,699,342	110,253,309
Other current assets, related parties	**(438,527)**	**(28,451,632)**	(677,369)	(43,947,701)
Other current assets and other assets	**(315,949)**	**(20,498,772)**	478,392	31,038,073
Accounts payable, related parties	**655,645**	**42,538,248**	(1,326,202)	(86,043,986)
Accounts payable, others	**(23,751)**	**(1,540,965)**	(199,894)	(12,969,123)
Other liabilities	**109,361**	**7,095,341**	963,264	62,496,568
Loan to related parties	**(4,900,000)**	**(317,912,000)**	–	–
Net cash generated from operating activities	**(3,785,690)**	**(245,615,567)**	4,391,685	284,932,521
Cash flow from investing activities				
Purchase of equipment and software	**(157,377)**	**(10,210,620)**	(1,126,081)	(73,060,135)
Sale of equipment and software	**–**	**–**	300	19,464
Net cash (used in) investing activities	**(157,377)**	**(10,210,620)**	(1,125,781)	(73,040,671)
Cash flow from financing activities				
Proceeds from term loan	**1,000,000**	**64,880,000**	500,000	32,440,000
Repayment of term loan	**(1,000,000)**	**(64,880,000)**	–	–
Finance lease payments	**(38,392)**	**(2,490,873)**	(105,147)	(6,821,936)
Net cash (used in)/generated from financing activities	**(38,392)**	**(2,490,873)**	394,853	25,618,064
Net (decrease)/increase in cash and cash equivalents	**(3,981,459)**	**(258,317,060)**	3,660,757	237,509,914
Cash and cash equivalents at the beginning of the year	**7,077,997**	**459,220,445**	3,417,240	221,710,531
Cash and cash equivalents at the end of the year	**3,096,538**	**200,903,385**	7,077,997	459,220,445
Supplemental cash flow information				
Interest paid	**17,753**	**1,151,815**	39,674	2,574,049
Income taxes paid	**87,146**	**5,654,032**	202,675	13,149,554
Asset acquired under capital lease	**–**	**–**	42,436	2,753,247

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Amount (US$)	Amount (US$)	Amount (US$)
Balance as at April 1, 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**
Stock based compensation expense	–	–	–	–	–	–	–	–	165,660	–	165,660
Profit for the year	–	–	–	–	–	–	–	–	–	2,326,845	2,326,845
Balance as at March 31, 2017	**4,494,500**	**–**	**3,615,535**	**6,714,124**	**30,000,000**	**–**	**8,492,157**	**136,664**	**17,950,580**	**(4,471,117)**	**20,330,251**

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (INR) (refer note R)	Shares	Amount (INR) (refer note R)	Shares	Amount (INR) (refer note R)	Shares	Amount (INR) (refer note R)	Amount (INR) (refer note R)	Amount (INR) (refer note R)	Amount (INR) (refer note R)
Balance as at April 1, 2015	4,494,500	–	3,615,535	435,612,365	30,000,000	–	8,492,157	8,866,760	1,142,428,515	(930,939,309)	655,968,331
Stock based compensation expense	–	–	–	–	–	–	–	–	11,457,095	–	11,457,095
Profit for the year	–	–	–	–	–	–	–	–	–	489,887,534	489,887,534
Balance as at March 31, 2016	**4,494,500**	**–**	**3,615,535**	**435,612,365**	**30,000,000**	**–**	**8,492,157**	**8,866,760**	**1,153,885,610**	**(441,051,775)**	**1,157,312,960**
Stock based compensation expense	–	–	–	–	–	–	–	–	10,748,021	–	10,748,021
Profit for the year	–	–	–	–	–	–	–	–	–	150,965,704	150,965,704
Balance as at March 31, 2017	**4,494,500**	**–**	**3,615,535**	**435,612,365**	**30,000,000**	**–**	**8,492,157**	**8,866,760**	**1,164,633,631**	**(290,086,071)**	**1,319,026,685**

(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:

Computers	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 and amortisation 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, 2017.

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 - 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, 2017 and March 31, 2016, 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 earnings. 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$ 1,559,865 (INR 101,204,041) [2016: US$ 2,626,232 (INR 170,389,932)]

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 earnings 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 non-current 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 from 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 equivalents comprise of:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Balance in checking and money market accounts	**3,096,538**	**200,903,385**	7,077,997	459,220,445

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 2017, 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 Silicon Valley Bank.

As at March 31, 2017, the Company has US$ 2,596,538 (INR 168,463,385) [2016 US$ 6,577,997 (INR 426,780,421)] as balances in excess of the federally insured amounts.

NOTE C - PROVISION FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLES

The allowance for uncollectible amounts reflected the following activity during the year:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Balance at the beginning of the year	–	–	6,793	440,730
Add: Allowance created during the year	–	–	162,650	10,552,732
Less: Written off during the year	–	–	(169,443)	(10,993,462)
Balance at the end of the year	–	–	–	–

NOTE D - OTHER CURRENT ASSETS

Other current assets comprises of the following:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Prepaid expenses	**273,088**	**17,717,949**	218,758	14,193,019
Taxes receivable	**176,345**	**11,441,264**	218,124	14,151,885
Prepaid expenses – software licenses	**319,650**	**20,738,892**	–	–
Deferred costs	**110,292**	**7,155,745**	–	–
Others	**42,804**	**2,777,124**	169,810	11,017,273
	922,179	**59,830,974**	606,692	39,362,177

NOTE E - EQUIPMENT AND SOFTWARE, NET

Equipment and software consists of the following:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Computers	**422,464**	**27,409,464**	273,884	17,769,594
Furniture and fixtures	**246,602**	**15,999,538**	237,805	15,428,788
Office equipment	**16,080**	**1,043,270**	16,080	1,043,270
Software	**56,812**	**3,685,963**	56,812	3,685,963
Lease hold improvements	**813,981**	**52,811,087**	813,981	52,811,087
Capital lease - Computers	**266,945**	**17,319,392**	266,945	17,319,392
Capital lease - Furniture and fixtures	**23,534**	**1,526,886**	23,534	1,526,886
Capital lease – Office equipment	**278,801**	**18,088,609**	278,801	18,088,609
	2,125,219	**137,884,209**	1,967,842	127,673,589
Less: Accumulated depreciation and amortization	**(1,194,644)**	**(77,508,503)**	(912,457)	(59,200,210)
	930,575	**60,375,706**	1,055,385	68,473,379

Depreciation and amortization expense for the year ended March 31, 2017 was US$ 282,187 (INR 18,308,293) and March 31, 2016 was US$ 265,262 (INR 17,210,199).

NOTE F - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprises of the following:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Unearned revenue	**1,393,117**	**90,385,432**	733,167	47,567,875
Provision for tax	**242,590**	**15,739,239**	165,732	10,752,692
Other accruals	**782,320**	**50,756,921**	617,489	40,062,687
Obligations under capital lease	**17,487**	**1,134,557**	37,263	2,417,623
Deferred rent and lease incentive	**144,138**	**9,351,673**	113,170	7,342,470
	2,579,652	**167,367,822**	1,666,821	108,143,347

NOTE G - SHORT TERM BORROWING

Short term borrowing comprises of the following:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Line of credit	**1,000,000**	**64,880,000**	1,000,000	64,880,000
	1,000,000	**64,880,000**	1,000,000	64,880,000

The Company has a revolving line of credit amounting to US$ 1,500,000 (INR 97,320,000) from State Bank of India (California) which is due for renewal in three months from the last renewal date i.e. February 28, 2017. 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% p.a. which is 100 basis points above WSJ Prime with a floor rate of 3.50% p.a. [WSJ Prime as at March 31, 2017].

As of March 31, 2017, the Company has drawn US$ 1,000,000 (INR 64,880,000) [2016: US$ 1,000,000 (INR 64,880,000)] 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 32,440,000) as at March 31, 2017 and US$ 500,000 (INR 32,440,000) as at March 31, 2016.

Interest expense for the year ended March 31, 2017 towards the line of credit was US$ 17,750 (INR 1,151,620) [2016: US$ 39,674 (INR 2,574,049)].

NOTE H - INCOME TAXES

Income tax expense for the year comprises of the following:

	Year ended March 31, 2017 US$	**Year ended March 31, 2017 INR (refer Note R)**	Year ended March 31, 2016 US$	Year ended March 31, 2016 INR (refer Note R)
Current tax expense	**205,784**	**13,351,266**	139,544	9,053,615
Deferred tax expense/(credit)	**1,721,430**	**111,686,378**	(4,723,529)	(306,462,562)
	1,927,214	**125,037,644**	(4,583,985)	(297,408,947)

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$ 3,515,655 (INR 228,095,696).

Following is the summary of deferred tax assets and liabilities:

	As at March 31, 2017 US$	**As at March 31, 2017 INR (refer Note R)**	As at March 31, 2016 US$	As at March 31, 2016 INR (refer Note R)
Deferred tax assets				
Net operating loss carry forwards	**2,794,685**	**181,319,163**	4,274,527	277,331,312
Accrued payroll	**1,086,492**	**70,491,601**	1,382,968	89,726,964
Others	**–**	**–**	2,717	176,279
Sub-total	**3,881,177**	**251,810,764**	5,660,212	367,234,555
Valuation allowance	**(838,739)**	**(54,417,386)**	(838,739)	(54,417,386)
Total deferred tax asset	**3,042,438**	**197,393,378**	4,821,473	312,817,169
Deferred tax liability				
Equipment and software	**(40,339)**	**(2,617,195)**	(97,944)	(6,354,607)
Net deferred tax asset	**3,002,099**	**194,776,183**	4,723,529	306,462,562

As at March 31, 2017, the Company had US$ 6,985,525 (INR 453,220,850) [2016: US$ 10,501,180 (INR 681,316,558)] 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, 2017, the Company also had US$ 3,395,838 (INR 220,321,966) [2016: US$ 9,763,922 (INR 633,483,259)] in State Operating Losses carried forward, which can be carried forward for future utilization within 5-17 years.

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, 2017, the Company has reversed valuation allowances of US$ NIL (INR NIL) [2016: US$ 3,535,511 (INR 229,383,954)] considering consistent profits earned for more than three years as at the Balance Sheet date. During the year, the net change in valuation allowances is US NIL (INR NIL) [2016: US$ 5,984,511 (INR 388,275,074)]. 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 2014, March 2015 and March 2016 Federal income tax returns will expire on December 15, 2017, December 15, 2018 and December 15, 2019, 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, 2017, the Company does not have any uncertain tax position in respect of unrecognized tax positions as per ASC 740-10.

NOTE I - LOAN TO RELATED PARTIES

The Company has granted an unsecured loan of US$ 4,500,000 (INR 291,960,000) [2016: US$ NIL (INR NIL)] being inter-corporate deposits to the Holding Company (Bristlecone Limited), on March 24, 2017 and March 27, 2017. The loan bears an interest rate of 2.35% p.a. as at March 31, 2017 and is repayable within nine years from the date of the grant of loan.

The Company has granted an unsecured loan of US$ 100,000 (INR 6,488,000) [2016: US$ NIL (INR NIL)] being inter-corporate deposits to the Fellow Subsidiary Company (Bristlecone (Singapore) Pte. Ltd.), on August 10, 2016 and February 16, 2017. The loan bears an interest rate of 2.35% p.a. as at March 31, 2017 and is repayable within one year from the date of the grant of loan.

Loans to related parties also comprise of a secured loan of US$ 300,000 (INR 19,464,000) [2016: US$ NIL (INR NIL)] granted to a Key Management Personnel (Irfan Khan) on August 8, 2016. The loan is secured by 388,081 shares of the Common Stock of the Company held by the Key Management Personnel which were issued on exercise of employee stock options granted to him. The loan bears an interest rate of 2.5% p.a. as at March 31, 2017 and is repayable as per the agreed upon repayment schedule within four years from the date of the grant of loan.

NOTE J - 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, 2017 and March 31, 2016; 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, 2017 and March 31, 2016.

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:

(a) 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.

(b) 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 K - EMPLOYEE BENEFIT PLANS

Accrual for compensated absences at current employee compensation rates as at March 31, 2017 is US$ -847,164 (INR 54,964,000) [2016: US$ 793,310 (INR 51,469,953)].

The Company in the current year made a contribution of US$ 142,997 (INR 9,277,645) to 401(k) plan. The Company made contribution of 151,580 (INR 9,834,510) to the 401(k) plan in the previous year.

NOTE L - 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, 2017	**Weighted average exercise price March 31, 2017**	Options outstanding Year ended March 31, 2016	Weighted average exercise price March 31, 2016
Stock Option 2008 Plan				
Outstanding at April 1	**1,434,470**	**US$0.43**	952,137	US$0.10
Granted	**125,000**	**US$0.82**	747,500	US$0.77
Exercised	**445,885**	**US$0.10**	214,593	US$0.13
Expired/forfeited	**271,875**	**US$0.66**	50,574	US$0.43
Outstanding at March 31	**841,710**		1,434,470	
Stock Option 2004 Amended Plan				
Outstanding at April 1	**35,350**	**US$ 0.10**	35,350	US$ 0.10
Granted	–	–	–	–
Exercised	**15,350**	**US$0.10**	–	–
Expired / Forfeited	**20,000**	**US$0.10**	–	–
Outstanding at March 31	–	–	35,350	–

Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise Price (US$)	**No of options outstanding**	
	March 31, 2017	March 31, 2016
US$ 0.10	**231,085**	757,320
US$ 0.77	**605,625**	712,500
US$ 1.41	**5,000**	–

Options outstanding that have vested and are expected to vest are as follows:

	March 31, 2017			March 31, 2016		
	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)
Stock Option 2008 Plan						
Vested	**534,602**	0.49	**6.83**	836,565	0.25	6.03
Expected to vest	**307,108**	0.77	**8.35**	597,905	0.69	8.90
Stock Option 2004 Amended Plan						
Vested	–	–	–	35,350	0.10	0.69

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, 2017	Year ended March 31, 2016
Dividend yield	0 percent	0 percent
Expected life	6.25 Years	6.25 years
Risk free interest rate	1.36 percent	1.78 percent
Volatility	31 percent	45 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$ 165,660 (INR 10,748,021) [2016: US$ 176,589 (INR 11,457,094)] for the year ended March 31, 2017.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2017 was approximately US$ 282,613 (INR 18,835,931) [2016: US$ 519,355 (INR 33,695,752)] and is expected to be recognized over a weighted average period of 2.02 years.

The aggregate fair value of all options granted during the year is US$ 95,719 (INR 6,210,249) and weighted average grant date fair value per option that vested during the year is US$ 0.72 (INR 47).

There have been no modifications or cancellations of these plans during the current or preceding year.

NOTE M - 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 N - CAPITAL AND 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$ 420,096 (INR 27,255,828) [2016: US$ 353,585 (INR 22,940,595)] for the year ended March 31, 2017.

Future minimum lease payments under capital leases and operating leases consisted of the following as of March 31, 2017:

	In US$		In INR	
Year ending March 31	**Capital lease**	**Operating lease**	**Capital lease**	**Operating lease**
2018	17,487	451,062	1,134,556	29,264,903
2019	2,537	464,755	164,601	30,153,304
2020		478,449		31,041,771
2021		409,980	–	26,599,502
Total minimum payments	20,024	1,804,246	1,299,157	117,059,480
Amount representing interest	14		908	
Present value of minimum lease payment	**20,010**		**1,298,249**	

	In US$		In INR	
Year ending March 31	**Capital lease**	**Operating lease**	**Capital lease**	**Operating lease**
Obligation under capital leases				
Current	17,487		1,134,557	
Long term	2,523		163,692	
	20,010		**1,298,249**	

NOTE O - 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
Mahindra USA Inc.	Fellow subsidiaries
Bristlecone Limited	Holding Company
Bristlecone India Limited	Fellow subsidiaries
Bristlecone Consulting Limited	Fellow subsidiaries
Bristlecone International AG	Fellow subsidiaries
Bristlecone Middle East DMCC	Fellow subsidiaries
Bristlecone Singapore Pte Ltd	Fellow subsidiaries
Bristlecone Malaysia SND	Fellow subsidiaries
Bristlecone UK Limited	Fellow subsidiaries
Bristlecone GmbH	Fellow subsidiaries
Irfan Khan	Key Management Personnel

2. Related party transactions and balances:

		March 31, 2017		March 31, 2016	
Nature of transaction/balance	**Name of related party**	**Amount (in US$)**	**Amount (in INR) (refer Note R)**	**Amount (in US$)**	**Amount (in INR) (refer Note R)**
Reimbursement of expenses received	Bristlecone Ltd	–	–	683,810	44,365,593
Amount receivable as at year end	Bristlecone Ltd	4,552,630	295,374,634	4,550,718	295,250,584
Loan given to Holding Company and outstanding as at year end	Bristlecone Ltd	4,500,000	291,960,000	–	–
Reimbursement of expenses paid	Bristlecone India Ltd	522,884	33,924,714	1,071,626	69,527,095
Subcontracting services received	Bristlecone India Ltd	10,037,466	651,230,794	9,084,092	589,375,889
Amount payable as at year end	Bristlecone India Ltd	1,130,984	73,378,242	375,680	24,374,118
Reimbursement of expenses paid	Bristlecone GmbH	4,218	273,664	29,688	1,926,157
Reimbursement of expenses received	Bristlecone GmbH	308,202	19,996,146	3,891	252,448
Subcontracting services given	Bristlecone GmbH	819,885	53,194,139	1,239,443	80,415,062
Amount payable as at year end	Bristlecone GmbH	–	–	3,448	223,706
Amount receivable as at year end	Bristlecone GmbH	338,080	21,934,630	–	–
Reimbursement of expenses received	Bristlecone International AG	97,057	6,297,058	24,872	1,613,695
Revenue billed on behalf of	Bristlecone International AG	118,810	7,708,393	92,320	5,989,722
Amount receivable at Year end	Bristlecone International AG	91,653	5,946,447	–	–
Amount payable as at year end	Bristlecone International AG	–	–	79,203	5,138,691
Amount receivable as at year end	Bristlecone Singapore Pte. Ltd	2,101	136,313	–	–

		March 31, 2017		March 31, 2016	
Nature of transaction/balance	**Name of related party**	**Amount (in US$)**	**Amount (in INR) (refer Note R)**	**Amount (in US$)**	**Amount (in INR) (refer Note R)**
Reimbursement of expenses received	Bristlecone Singapore Pte. Ltd	1,232	79,932	–	–
Loan given and outstanding as at year end	Bristlecone Singapore Pte. Ltd	100,000	6,488,000	–	–
Reimbursement of expenses received	Bristlecone Malaysia Sdn. Bhd	21,551	1,398,229	–	–
Amount receivable as at year end	Bristlecone Malaysia Sdn. Bhd	21,551	1,398,229	–	–
Reimbursement of expenses received	Bristlecone UK Ltd	4,692	304,417	–	–
Amount receivable as at year end	Bristlecone UK Ltd	4,692	304,417	–	–
Reimbursement of expenses received	Bristlecone Middle East DMCC	8,368	542,916	–	–
Amount receivable as at year end	Bristlecone Middle East DMCC	8,368	542,916	–	–
Income from services rendered	Mahindra USA, Inc.	119,000	7,720,720	–	–
Amount receivable as at year end	Mahindra USA, Inc.	68,000	4,411,840	–	–
Unbilled revenues as at the year end	Mahindra USA, Inc.	51,000	3,308,880	–	–
Loan given to KMP and outstanding as at year end	Irfan Khan	300,000	19,464,000	–	–

NOTE P - 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$) are typically unsecured and are derived from revenues earned from large multinational customers. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. In the current year, the Company had 2 major customers which individually accounted for more than 10% of company's revenues. Revenues from these customers amounted to US$ 8,906,868 (INR 577,877,604) or 22.77% of the total revenue. Revenue from 2 major customers in 2016 which individually accounted for more than 10% of company's revenue amounted to US$ 8,702,802 (INR 564,637,803) or 22.34% of total revenue. Total accounts receivable from such customers are US$ 1,855,517 (INR 120,385,933) [2016: US$ 1,094,567 (INR 71,015,519)] at March 31, 2017 or 33.23% [2016: 21.55%] of total receivables.

During the year ended March 31, 2017, the sales in North America including Canada accounted for 96.21% of the total sales (2016: 97.14%).

NOTE Q - 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 R - CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2017 along with comparatives for the year ended March 31, 2016 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, 2017 of 1 US$ = 64.88 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 S - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 4, 2017, 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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing IT consulting services for supply chain and analytics solution.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

Kulashekar Raghavan

Harsh Vaish

Other changes in directors holding office are as follows:

Krishnadas Chillara - Resigned 30 June 2016

Irfan Khan - Appointed 7 February 2017

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 provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Harsh Vaish
Director

Place: Pune
Date: 28 April 2017

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 March 2017 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 page two, 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 March 2017 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: 28 April 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2017 INR	2016 £	2016 INR
TURNOVER		**1,77,409**	**1,43,59,523**	–	–
COST OF SALES		**98,435**	**79,67,368**	–	–
GROSS PROFIT		**78,974**	**63,92,155**	–	–
Administrative Expenses		**1,55,851**	**1,26,14,548**	1,22,428	99,09,322
OPERATING LOSS	**4**	**(76,877)**	**(62,22,393)**	(1,22,428)	(99,09,322)
Interest receivable and similar income		**2,039**	**1,65,025**	296	23,974
LOSS BEFORE TAXATION		**(74,838)**	**(60,57,368)**	(1,22,132)	(98,85,348)
Tax on loss	**5**	**–**	**–**	–	–
LOSS FOR THE FINANCIAL YEAR		**(74,838)**	**(60,57,368)**	(1,22,132)	(98,85,348)
OTHER COMPREHENSIVE INCOME		**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(74,838)**	**(60,57,368)**	(1,22,132)	(98,85,348)

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

BALANCE SHEET 31 MARCH 2017

	Notes	2017 £	2017 INR	2016 £	2016 INR
CURRENT ASSETS					
Debtors	**7**	**55,975**	**45,30,597**	17	1,376
Cash at bank		**2,44,520**	**1,97,91,474**	3,45,098	2,79,32,235
		3,00,495	**2,43,22,071**	3,45,115	2,79,33,611
CREDITORS					
Amounts falling due within one year	**8**	**61,247**	**49,57,327**	31,029	25,11,499
NET CURRENT ASSETS		**2,39,248**	**1,93,64,744**	3,14,086	2,54,22,112
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,39,248**	**1,93,64,744**	3,14,086	2,54,22,112
CAPITAL AND RESERVES					
Called up share capital	**9**	**23,50,000**	**19,02,09,000**	23,50,000	19,02,09,000
Retained Earnings	**10**	**(21,10,752)**	**(17,08,44,256)**	(20,35,914)	(16,47,86,888)
SHAREHOLDERS' FUNDS		**2,39,248**	**1,93,64,744**	3,14,086	2,54,22,112

The financial statements were authorised for issue by the Board of Directors on 28th April 2017 and were signed on its behalf by:

Harsh Vaish
Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up Share capital £	Called up Share capital INR	Retained Earnings £	Retained Earnings INR	Total Equity £	Total Equity INR
Balance as at 1 April 2015	**23,50,000**	**19,02,09,000**	**(19,13,782)**	**(15,49,01,540)**	**4,36,218**	**3,53,07,460**
Changes in equity						
Total comprehensive income	–	–	(1,22,132)	(98,85,348)	(1,22,132)	(98,85,348)
Balance as at 31 March 2016	**23,50,000**	**19,02,09,000**	**(20,35,914)**	**(16,47,86,888)**	**3,14,086**	**2,54,22,112**
Changes in equity						
Total comprehensive income	–	–	(74,838)	(60,57,368)	(74,838)	(60,57,368)
Balance as at 31 March 2017	**23,50,000**	**19,02,09,000**	**(21,10,752)**	**(17,08,44,256)**	**2,39,248**	**1,93,64,744**

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. STATUTORY INFORMATION

Bristlecone UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. 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.

Turnover

Turnover represents the invoiced amounts of services provided and it is stated net of Value Added Tax.

Revenue for software services is recognised on the basis of services rendered. For time and material contracts, invoices are raised on the basis of customer approved timesheets. For fixed price projects, invoices are raised for prescribed milestones achieved on the basis of acceptance/ sign-off received from the customer. Revenue on fixed price contracts is recognised based on the percentage completion method.

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.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future with the continuous support from the parent company.

3. EMPLOYEES AND DIRECTORS

	2017 £	**2017 INR**	2016 £	2016 INR
Wages and salaries	**98,077**	**79,38,339**	67,841	54,91,053
Social security costs	**7,348**	**5,94,720**	5,622	4,55,057
Other pension costs	**5,600**	**4,53,264**	4,900	3,96,606
Bonus	**–**	**–**	23,639	19,13,341
	1,11,025	**89,86,323**	1,02,002	82,56,057

The average monthly number of employees during the year was as follows:

	2017	2016
Management	**3**	3
Administrative	**1**	1
Sales and Marketing	**1**	1
	5	5

	2017 £	2016 £
Directors' remuneration	**–**	–

4. OPERATING LOSS

The operating loss is stated after charging:

	2017 £	**2017 INR**	2016 £	2016 INR
Auditors' remuneration	**2,145**	**1,73,616**	2,500	2,02,350
Foreign exchange differences	**3,936**	**3,18,610**	–	–

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2017 nor for the year ended 31 March 2016.

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:

	2017 £	**2017 INR**	2016 £	2016 INR
Loss on ordinary activities before tax	**(74,838)**	**(60,57,368)**	(1,22,132)	(98,85,348)
Loss on ordinary activities				
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	**(14,968)**	**(12,11,474)**	(24,426)	(19,77,070)
Effects of:				
Expenses not deductible for tax purposes	**48**	**3,885**	33	2,671
Income not taxable for tax purposes	**(408)**	**(33,024)**	–	–
Capital allowances in excess of depreciation rate	**(126)**	**(10,198)**	(153)	(12,384)
Tax losses carried forward	**(15,454)**	**(12,50,811)**	(24,546)	(19,86,783)
Total Tax Charge	**–**	**–**	–	–

6. TANGIBLE FIXED ASSETS

	Plant and machinery	Plant and machinery	Computer equipment	Computer equipment	Totals	Totals
	£	INR	£	INR	£	INR
COST						
At 1 April 2016 and 31 March 2017	104	8,418	26,195	21,20,223	26,299	21,28,641
DEPRECIATION						
At 1 April 2016 and 31 March 2017	104	8,418	26,195	21,20,223	26,299	21,28,641
NET BOOK VALUE						
At 31 March 2017	–	–	–	–	–	–
At 31 March 2016	–	–	–	–	–	–

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	**2017 INR**	2016 £	2016 INR
Amounts owed by group undertakings	**–**	**–**	17	1,376
Other Debtors	**449**	**36,342**	–	–
VAT	**270**	**21,854**	–	–
Accrued Income	**54,525**	**44,13,234**	–	–
Prepayments	**731**	**59,167**	–	–
	55,975	**45,30,597**	17	1,376

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	**2017 INR**	2016 £	2016 INR
Payments on account	**–**	**–**	1,920	1,55,404
Amounts owed to group undertakings	**52,457**	**42,45,846**	–	–
Taxation and social security	**–**	**–**	222	17,969
Other creditors	**8,790**	**7,11,481**	28,887	23,38,126
	61,247	**49,57,327**	31,029	25,11,499

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value	**2017 £**	**2017 INR**	2016 £	2016 INR
2,350,000	ordinary	£1	**23,50,000**	**19,02,09,000**	23,50,000	19,02,09,000

10. RESERVES

	Retained earnings £	**Retained earnings INR**
At 1 April 2016	(20,35,914)	(16,47,86,888)
Deficit for the year	(74,838)	(60,57,368)
At 31 March 2017	**(21,10,752)**	**(17,08,44,256)**

11. 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.

12. 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.

13. FOREIGN CURRENCY TRANSLATION

The foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 80.94 = 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 31st March 2017.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2017.

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	**300,802**	4,403,741

Dividends

The Company declared and paid the following dividends since the end of the previous financial year:

	RM	INR
Final single tier dividends of RM6 per share on 100,000 ordinary shares declared on 29 August 2016 in respect of financial year ended 31 March 2016, paid on 2 September 2016.	**600,000**	8,784,000
First single tier dividends of RM3 per share on 100,000 ordinary shares declared on 11 January 2017 in respect of financial year ended 31 March 2017, paid on 13 January 2017.	**300,000**	4,392,000
	900,000	13,176,000

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 by the Company during the financial year.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Harsh Vaish
Razali Bin Abdul Rashid
Nor Hazlin Binti Dahari
Kulashekar Raghavan (Appointed on 12 September 2016)
Irfan Ahmad Khan (Appointed on 12 September 2016)
Krishnadas Chillara (Resigned on 30 June 2016)

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:

		At 1.4.2016	**Bought/ alloted**	**Sold/ exercised**	**At 31.3.2017**
The ultimate holding corporation					
Mahindra & Mahindra Ltd (Equity shares)					
Kulashekar Raghavan	*	7,260	–	–	7,260
The immediate holding corporation					
Bristlecone Limited (Options)					
Harsh Vaish		20,000	–	–	20,000
Kulashekar Raghavan	*	155,000	–	(95,000)	60,000
Irfan Ahmad Khan	*	772,500	–	(355,833)	416,667
Bristlecone Limited (Equity shares)					
Kulashekar Raghavan	*	30,000	95,000	–	125,000
Irfan Ahmad Khan	*	32,248	355,833	–	388,081
The related corporation					
Mahindra & Mahindra Financial Services Ltd. (Equity shares)					
Kulashekar Raghavan		180	–	–	180

** Shares held as at the date of appointment*

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 any benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the 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, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or a related corporation 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 prepared, the Directors took reasonable steps:

(a) 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, except as disclosed in the financial statements.

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.

Immediate and ultimate holding company

The Directors regard Bristlecone Limited, a corporation incorporated in CaymanIsland, as the immediate holding corporation, and Mahindra & Mahindra Ltd, a corporation incorporated in India, as the ultimate holding corporation.

Auditors

The auditors, SSY Partners, have indicated their willingness to continue in office.

Details of auditors' remuneration are set out in Note 14 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2017.

Kulashekar Raghavan — *Director*

Harsh Vaish — *Director*

Place : Mumbai
Date : 18th April 2017

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Kulashekar Raghavan and Harsh Vaish, 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 on pages herein are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Company Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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 18 April 2017.

Kulashekar Raghavan — *Director*

Harsh Vaish — *Director*

Place : Mumbai

Date : 18th April 2017

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Kulashekar Raghavan, 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 above named Kulashekar Raghavan at Mumbai in the state of Maharashtra, India

Kulashekar Raghavan — *Director*

Before me,

Independent Auditors' Report to the Members of Bristlecone (Malaysia) Sdn. Bhd.

(Company No: 772033-T)
(Incorporated in Malaysia)

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Bristlecone (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages herein.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 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 266 of the Companies Act 2016 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
18 April 2017

Jason Sia Sze Wan
No. 2376/05/18 (J)
Partner

Statement of Financial Position as at 31 March 2017

	Note	**2017 RM**	**2017 INR**	2016 RM	2016 INR
ASSETS					
Non-current assets					
Property, plant and equipment	6	**773**	**11,317**	1,031	15,094
Deferred tax assets	7	**75,000**	**1,098,000**	–	–
		75,773	**1,109,317**	1,031	15,094
Current assets					
Trade receivables	8	**1,207,551**	**17,678,546**	4,028,470	58,976,801
Other receivables and deposits	9	**32,207**	**471,508**	34,718	508,272
Tax recoverable		**148,319**	**2,171,391**	48,294	707,009
Fixed deposits with a licensed bank	10	**895,888**	**13,115,800**	871,192	12,754,251
Cash and bank balances		**1,280,819**	**18,751,190**	846,379	12,390,989
		3,564,784	**52,188,435**	5,829,053	85,337,321
TOTAL ASSETS		**3,640,557**	**53,297,752**	5,830,084	85,352,415
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	11	**100,000**	**1,464,000**	100,000	1,464,000
Retained earnings		**2,541,781**	**37,211,664**	3,140,979	45,983,923
TOTAL EQUITY		**2,641,781**	**38,675,664**	3,240,979	47,447,923
Current liabilities					
Trade payables	12	**616,138**	**9,020,270**	2,247,904	32,909,315
Other payables and accruals	13	**382,638**	**5,601,818**	341,201	4,995,177
TOTAL LIABILITIES		**998,776**	**14,622,088**	2,589,105	37,904,492
TOTAL EQUITY AND LIABILITIES		**3,640,557**	**53,297,752**	5,830,084	85,352,415

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2017

	Note	**2017 RM**	**2017 INR**	2016 RM	2016 INR
Revenue		**4,837,855**	**70,826,197**	10,982,225	160,779,775
Cost of services		**(4,141,112)**	**(60,625,880)**	(8,356,857)	(122,344,392)
Gross profit		**696,743**	**10,200,317**	2,625,368	38,435,383
Other operating income		**41,959**	**614,280**	39,069	571,972
Administrative expenses		**(315,152)**	**(4,613,825)**	(482,894)	(7,069,569)
Profit before taxation	14	**423,550**	**6,200,772**	2,181,543	31,937,786
Taxation	15	**(122,748)**	**(1,797,031)**	(554,000)	(8,110,560)
Profit for the year		**300,802**	**4,403,741**	1,627,543	23,827,226

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2017

	Note	Share capital	Share capital	Retained earnings	Retained earnings	Total	Total
		RM	INR	RM	INR	RM	INR
At 1 April 2016		**100,000**	**1,464,000**	**3,140,979**	**45,983,923**	**3,240,978**	**47,447,923**
Dividends paid	16	–	–	**(900,000)**	**(13,176,000)**	**(900,000)**	**(13,176,000)**
Profit for the year		–	–	**300,802**	**4,403,741**	**300,802**	**4,403,741**
At 31 March 2017		**100,000**	**1,464,000**	**2,541,781**	**37,211,664**	**2,641,781**	**38,675,664**
At 1 April 2015		100,000	1,464,000	2,513,436	36,796,697	2,613,436	38,260,697
Dividends paid	16	–	–	(1,000,000)	(14,640,000)	(1,000,000)	(14,640,000)
Profit for the year		–	–	1,627,543	23,827,226	1,627,543	23,827,226
At 31 March 2016		100,000	1,464,000	3,140,979	45,983,923	3,240,978	47,447,923

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2017

	2017 RM	**2017 INR**	2016 RM	2016 INR
Cash flows from operating activities				
Profit before taxation	**423,550**	**6,200,772**	2,181,543	31,937,786
Adjustments for:				
Allowance for doubtful debts	**–**	**–**	31,830	465,991
Bad debts written-off	**31,830**	**465,991**	–	–
Depreciation	**258**	**3,777**	343	5,022
Fixed Deposits Interest Income	**(25,326)**	**(370,773)**	(13,718)	(200,832)
Net (Gain)/Loss on foreign exchange - unrealised	**(2,062)**	**(30,188)**	(25,313)	(370,582)
Reversal of allowance for doubtful debts	**(31,830)**	**(465,991)**	–	–
Operating profit before working capital changes	**396,420**	**5,803,588**	2,174,685	31,837,385
Decrease/(increase) in trade and other receivables	**2,825,492**	**41,365,198**	(1,830,638)	(26,800,540)
(Decrease)/increase in trade and other payables	**(1,590,329)**	**(23,282,416)**	903,971	13,234,139
Cash generated from operating activities	**1,631,583**	**23,886,370**	1,248,018	18,270,984
Tax paid	**(297,773)**	**(4,359,393)**	(659,562)	(9,655,988)
Net cash generated from operating activities	**1,333,810**	**19,526,977**	588,456	8,614,996
Cash flows from investing activities				
Interest earned on Investment	**25,326**	**370,773**	13,718	200,832
Net cash used in investing activities	**25,326**	**370,773**	13,718	200,832
Cash flows from financing activities				
Dividends paid	**(900,000)**	**(13,176,000)**	(1,000,000)	(14,640,000)
Net cash used in financing activities	**(900,000)**	**(13,176,000)**	(1,000,000)	(14,640,000)
Net increase in cash and cash equivalents	**459,136**	**6,721,750**	(397,826)	(5,824,172)
Cash and cash equivalents at beginning of the year	**1,717,571**	**25,145,240**	2,115,397	30,969,412
Cash and cash equivalents at end of the year	**2,176,707**	**31,866,990**	1,717,571	25,145,240
Cash and cash equivalents comprise:				
Fixed Deposits with a Licensed Bank (Note 10)	**895,888**	**13,115,800**	871,192	12,754,251
Cash at Bank	**1,280,819**	**18,751,190**	846,379	12,390,989
	2,176,707	**31,866,990**	1,717,571	25,145,240

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2017

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, JalanKerinchi, 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 18 April 2017.

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 2016 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 2016 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 recognised 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.

Depreciation 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 year end, 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:

	2017 **RM**	2016 RM
1 Singapore Dollar (SGD)	**3.16**	2.87
1 United States Dollar (USD)	**4.42**	3.88
1 Euro (EUR)	**4.73**	4.39

(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 significant 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

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'), effective for financial periods beginning on or after 1 January 2016, have been adopted, and the adoptions do not have any 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

MFRSs that have been issued but not effective

The following revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2017, have not been adopted, and the adoptions are not expected to have any significant impact to the financial statements:

Amendments to MFRS 12:	Disclosure of Interest in Other Entities
Amendments to MFRS 107:	Statement of Cash Flows
Amendments to MFRS 112:	Income Taxes

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2018, have not been adopted, and the adoptions are not expected to have any significant impact to the financial statements:

MFRS 9:	Financial Instruments
MFRS 15:	Revenue from Contracts with Customers
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 2:	Share-based Payment
Amendments to MFRS 4:	Insurance Contracts
Amendments to MFRS 128:	Investment in Associates and Joint Ventures
Amendments to MFRS 140:	Investment Property

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.

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2019, has not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

MFRS 16:	Leases

5. Significant accounting estimates

(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) Deferred tax assets

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.

(d) 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**
Carrying amount		
At 1 April 2016	**1,031**	**15,094**
Depreciation charge	**(258)**	**(3,777)**
At 31 March 2017	**773**	**11,317**
At 31 March 2017		
Cost	**1,499**	**21,947**
Accumulated depreciation	**(726)**	**(10,630)**
Carrying amount	**773**	**11,317**
At 31 March 2016		
At 1 April 2015	1,499	21,947
Depreciation charge	(468)	(6,853)
At 31 March 2016	1,031	15,094
Depreciation – 2016	343	5,022

7. Deferred tax assets

	2017 RM	**2017 INR**	2016 RM	2016 INR
Deferred tax assets				
At beginning of the year	**–**	**–**	–	–
Recognised in the statement of comprehensive income (Note 15)	**75,000**	**1,098,000**	–	–
At end of the year	**75,000**	**1,098,000**	–	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**75,000**	**1,098,000**	–	–
Deferred tax liabilities	**–**	**–**	–	–
	75,000	**1,098,000**	–	–

Deferred tax represents temporary differences between the tax bases of assets and liabilities and their carrying amounts at the financial year end in the financial statements.

8. Trade receivables

	2017 RM	**2017 INR**	2016 RM	2016 INR
Trade receivables	**1,018,452**	**14,910,137**	3,041,300	44,524,632
Less: Allowance for doubtful debts	**–**	**–**	(31,830)	(465,991)
	1,018,452	**14,910,137**	3,009,470	44,058,641
Accrued billings	**189,099**	**2,768,409**	1,019,000	14,918,160
	1,207,551	**17,678,546**	4,028,470	58,976,801

The currency exposure profile of trade receivables of the Company is as follows:

	2017 RM	**2017 INR**	2016 RM	2016 INR
Ringgit Malaysia	**1,062,369**	**15,553,082**	3,891,220	56,967,461
Euro	**–**	**–**	137,250	2,009,340
United States Dollar	**145,182**	**2,125,464**	–	–
	1,207,551	**17,678,546**	4,028,470	58,976,801

The ageing analysis of the trade receivables is as follows:

	2017 RM	**2017 INR**	2016 RM	2016 INR
Neither past due nor impaired	**425,490**	**6,229,174**	1,705,550	24,969,255
Past due, not impaired				
– 1 to 30 days past due, not impaired	**111,814**	**1,636,957**	152,746	2,236,202
– 31 to 60 days past due, not impaired	**481,148**	**7,044,006**	530,096	7,760,613
– 61 to 90 days past due, not impaired	**–**	**–**	621,078	9,092,580
– 91 to 180 days past due, not impaired	**–**	**–**	–	–
	592,962	**8,680,963**	1,303,920	19,089,395
Past due and impaired	**–**	**–**	31,830	465,991
	1,018,452	**14,910,137**	3,041,300	44,524,641

The normal trade credit terms granted to customers ranged from 30 to 60 (2016: 30 to 60) days or contractual periods based on project contract sales.

The balances 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.

9. Other receivables and deposits

	2017 RM	**2017 INR**	2016 RM	2016 INR
Loan and advances	**28,033**	**410,400**	26,174	383,187
Tender deposits	**–**	**–**	5,000	73,200
Rental deposits	**2,518**	**36,864**	2,518	36,864
Interest receivables	**1,656**	**24,244**	1,026	15,021
	32,207	**471,508**	34,718	508,272

10. 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% (2016: 2.95%) per annum and have a maturity period of one month.

11. Share capital

	2017 Unit	2017 RM	2017 INR	2016 Unit	2016 RM	2016 INR
Authorised ordinary Shares						
At beginning/end of the year	**500,000**	**500,000**	**7,320,000**	500,000	500,000	7,320,000
Issued and fully paid ordinary shares						
At beginning/end of the year	**100,000**	**100,000**	**1,464,000**	100,000	100,000	1,464,000

12. Trade payables

	2017 RM	2017 INR	2016 RM	2016 INR
Amount due to related corporations:				
Bristlecone India Limited	**524,360**	**7,676,640**	2,247,286	32,900,267
Bristlecone (Singapore) Pte. Ltd.	**–**	**–**	618	9,048
Bristlecone Inc.	**91,778**	**1,343,630**	–	–
	616,138	**9,020,270**	2,247,904	32,909,315

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 (2016: 30 to 90) days.

The currency exposure profile of trade payables of the Company is as follows:

	2017 RM	2017 INR	2016 RM	2016 INR
Ringgit Malaysia	**524,360**	**7,676,640**	2,247,286	32,900,267
Singapore Dollar	**–**	**–**	618	9,048
United States Dollar	**91,778**	**1,343,630**	–	–
	616,138	**9,020,270**	2,247,904	32,909,315

13. Other payables and accruals

	2017 RM	2017 INR	2016 RM	2016 INR
Advance billings	**254,192**	**3,721,371**	83,190	1,217,902
Other payables	**51,264**	**750,504**	75,670	1,107,807
Provision for expenses	**77,182**	**1,129,943**	182,341	2,669,468
	382,638	**5,601,818**	341,201	4,995,177

Advance billing represents invoices issued to customers of which goods or services sold have not been completed and have been included under trade receivables.

14. Profit before taxation

	2017 RM	2017 INR	2016 RM	2016 INR
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
– current year	**15,000**	**219,600**	12,000	175,680
– under provision in prior year	**3,000**	**43,920**	–	–
Bad debts written-off	**31,830**	**465,991**	–	–
Depreciation of property, plant and equipment	**258**	**3,777**	343	5,022
Loss on foreign exchange – realised	**27,845**	**407,651**	56,441	826,293
Loss on foreign exchange – unrealised	**1,547**	**22,648**	–	–
Allowance for doubtful debts	**–**	**–**	31,830	465,991
Rental of premises	**7,068**	**103,476**	7,068	103,476
Profit before taxation is arrived at after charging:				
and crediting:				
Gain on foreign exchange – unrealised	**3,609**	**52,836**	25,313	370,582
Gain on foreign exchange – realised	**513**	**7,510**	38	556
Reversal of allowance for doubtful debts	**31,830**	**465,991**	–	–
Fixed deposits interest income	**25,326**	**370,773**	13,718	200,832

15. Taxation

	2017 RM	2017 INR	2016 RM	2016 INR
Malaysian income tax				
Current year	**187,000**	**2,737,680**	554,000	8,110,560
Under provision in prior years	**10,748**	**157,351**	–	–
Deferred tax (Note 7)				
Related to reversal and origination of temporary differences	**(75,000)**	**(1,098,000)**	–	–
	122,748	**1,797,031**	554,000	8,110,560

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 is as follows:

	2017 RM	2017 INR	2016 RM	2016 INR
Profit before taxation	**423,550**	**6,200,772**	2,181,543	31,937,786
Tax at Malaysian statutory tax rate of 24%	**101,652**	**1,488,185**	545,386	7,984,449
Tax effects of expenses not deductible for tax purposes	**85,348**	**1,249,495**	8,614	126,111
Under provision of income tax in prior years	**10,748**	**157,351**	–	–
Deferred tax assets recognised relating to temporary differences	**(75,000)**	**(1,098,000)**	–	–
Tax expense for the year	**122,748**	**1,797,031**	554,000	8,110,560

16. Dividends

	2017 RM	2017 INR	2016 RM	2016 INR
Final single tier dividends of RM10 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	14,640,000
Final single tier dividends of RM6 per share on 100,000 ordinary shares declared on 29 August 2016 in respect of financial year ended 31 March 2016, paid on 2 September 2016.	**600,000**	**8,784,000**	–	–

	2017 RM	2017 INR	2016 RM	2016 INR
First single tier dividends of RM3 per share on 100,000 ordinary shares declared on 11 January 2017 in respect of financial year ended 31 March 2017, paid on 13 January 2017.	**300,000**	**4,392,000**	–	–
	900,000	**13,176,000**	1,000,000	14,640,000

17. 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:

	2017 RM	2017 INR	2016 RM	2016 INR
Expenses				
Service charges by related corporations:				
Bristlecone India Limited	**2,447,299**	**35,828,457**	6,555,029	95,965,625
Bristlecone (Singapore) Pte. Ltd.	**171,482**	**2,510,496**	101,183	1,481,319
Management fee charged by related corporation:				
Bristlecone Inc.	**95,339**	**1,395,763**	–	–

18. 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:

	2017 RM	2017 INR	2016 RM	2016 INR
Rental of virtual office				
Future minimum rentals payments:				
Not later than 1 year	**5,931**	**86,830**	6,156	90,124

19. 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 (2016: two) major customers which constituted 73% (2016: 75%) 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:

	2017 RM	2017 INR	2016 RM	2016 INR
Domestic	**1,062,369**	**15,553,082**	3,891,220	56,967,461
Europe	**–**	**–**	137,250	2,009,340
United States Dollar	**145,182**	**2,125,464**	–	–
	1,207,551	**17,678,546**	4,028,470	58,976,801

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

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	
	2017 RM	2017 INR	2016 RM	2016 INR
Effects on profit before taxation:				
EUR				
– strengthened by 5% (2016: 5%)	**–**	**–**	6,860	100,430
– weakened by 5% (2016: 5%)	**–**	**–**	(6,860)	(100,430)
SGD				
– strengthened by 5% (2016: 5%)	**–**	**–**	(30)	439
– weakened by 5% (2016: 5%)	**–**	**–**	30	(439)
USD				
– strengthened by 5% (2016: 5%)	**2,670**	**39,089**	–	–
– weakened by 5% (2016: 5%)	**(2,670)**	**(39,089)**	–	–

(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.

20. 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
2017						
Non-derivative financial assets						
Trade receivables	**1,207,551**	**17,678,546**	**1,207,551**	**17,678,546**	**–**	**–**
Other receivables and deposits	**32,207**	**471,508**	**32,207**	**471,508**	**–**	**–**
Fixed deposits with a licensed bank	**895,888**	**13,115,800**	**895,888**	**13,115,800**	**–**	**–**
Cash and bank balances	**1,280,819**	**18,751,190**	**1,280,819**	**18,751,190**	**–**	**–**
	3,416,465	**50,017,044**	**3,416,465**	**50,017,044**	**–**	**–**
Non-derivative financial liabilities						
Trade payables	**616,138**	**9,020,270**	**–**	**–**	**616,138**	**9,020,270**
Other payables and accruals	**382,638**	**5,601,818**	**–**	**–**	**382,638**	**5,601,818**
	998,776	**14,622,088**	**–**	**–**	**998,776**	**14,622,088**

	Carrying amount RM	Carrying amount INR	L&R RM	L&R INR	OFL RM	OFL INR
2016						
Non-derivative financial assets						
Trade receivables	4,028,470	58,976,801	4,028,470	58,976,801	–	–
Other receivables and deposits	34,718	508,272	34,718	508,272	–	–
Fixed deposits with a licensed bank	871,192	12,754,251	871,192	12,754,251	–	–
Cash and bank balances	846,379	12,390,989	846,379	12,390,989	–	–
	5,780,759	84,630,313	4,354,464	84,630,313	–	–
Non-derivative financial liabilities						
Trade payables	2,247,904	32,909,315	–	–	2,247,904	32,909,315
Other payables and accruals	341,201	4,995,177	–	–	341,201	4,995,177
	2,589,105	37,904,492	–	–	2,589,105	37,904,492

21. Fair values of the financial instruments

The fair values of the financial instruments of the Company as at 31 March 2017 as at are not materially different from their carrying values.

22. Translation into Indian Rupees

Amounts are translated for convenience into Indian Rupees at the exchange rate of INR 14.64 = RM1 which is the Bloomberg rate as on 31st March 2017. Comparative figures are also translated at this rate.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

The Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2017.

	Year ended March 31, 2017	**Year ended March 31, 2017**	Year ended March 31, 2016	Year ended March 31, 2016
	CAD	**INR**	CAD	INR
Total Income.....	**–**	**–**	–	–
Profit/(Loss) before tax	**1,410**	**68,710**	(8,196)	(399,392)
Profit/(Loss) after tax	**1,036**	**50,485**	(6,273)	(305,684)

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. The Profit after tax for the year was at **CAD 1,036** INR 50,485 as compared to a Loss after tax of **CAD (6,273)** (INR 305,684) in the previous year.

Outlook for the current year:

The Company will pursue opportunities during the year which are expected to have a positive impact on the business.

Acknowledgement

The Board acknowledges the continued support the Company receives from its holding company, Bristlecone Limited.

Irfan Khan
Director

Place : San Jose, California
Date : May 4, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bristlecone Consulting Limited

Opinion

We have audited the accompanying financial statements of Bristlecone Consulting Limited (the 'Company') (a wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheets as at March 31, 2017 and 2016, and the statements of Operations, changes in stockholders' equity, and statements of cash flows for each of the two years in the year ended March 31, 2017, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017 and 2016, its financial performance and cash flows for each of the two years in the year ended March 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Grant Thornton India LLP

Mumbai, India
Date: 4 May 2017

BALANCE SHEET

Particulars	Notes	**As at March 31, 2017 (CAD$)**	**As at March 31, 2017 (INR) (refer Note G)**	As at March 31, 2016 (CAD$)	As at March 31, 2016 (INR) (refer Note G)
ASSETS					
Current assets					
Cash and cash equivalents	**B**	**722,706**	**35,217,463**	716,432	34,911,731
Other current assets	**C**	**150**	**7,310**	2,149	104,721
Total current assets		**722,856**	**35,224,773**	718,581	35,016,452
Non-current assets					
Equipments, net		**–**	**–**	62	3,021
Total non-current assets		**–**	**–**	62	3,021
Total assets		**722,856**	**35,224,773**	718,643	35,019,473
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accrued expenses and other current liabilities	**D**	**12,093**	**589,292**	8,916	434,477
Total current liabilities		**12,093**	**589,292**	8,916	434,477
Total liabilities		**12,093**	**589,292**	8,916	434,477
Stockholders' equity					
Common stock, no par value		**1**	**49**	1	49
Additional paid-in capital		**–**	**–**	–	–
Retained earnings		**710,762**	**34,635,432**	709,726	34,584,947
Total stockholders' equity		**710,763**	**34,635,481**	709,727	34,584,996
Total liabilities and stockholders' equity		**722,856**	**35,224,773**	718,643	35,019,473

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF OPERATIONS

Particulars	Notes	**Year ended March 31, 2017 (CAD$)**	**Year ended March 31, 2017 (INR) (refer Note G)**	Year ended March 31, 2016 (CAD$)	Year ended March 31, 2016 (INR) (refer Note G)
Revenues		**–**	**–**	–	–
Operating expenses					
Selling, general and administrative expenses		**14,091**	**686,654**	21,650	1,055,005
Depreciation		**62**	**3,021**	741	36,109
Total operating expenses		**14,153**	**689,675**	22,391	1,091,114
Operating loss		**(14,153)**	**(689,675)**	(22,391)	(1,091,114)
Other income/(expense)					
– Foreign exchange gain		**15,563**	**758,385**	14,195	691,722
Net profit/(loss) before tax		**1,410**	**68,710**	(8,196)	(399,392)
Income tax expense					
Current tax expense/(benefit)		**374**	**18,225**	(1,923)	(93,708)
Net profit/(loss)		**1,036**	**50,485**	(6,273)	(305,684)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Particulars	Common stock Issued and outstanding		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)
Balance as at April 1, 2015	1	1	–	715,999	716,000
Loss for the year	–	–	–	(6,273)	(6,273)
Balance as at March 31, 2016	**1**	**1**	**–**	**709,726**	**709,727**
Profit for the year	–	–	–	1,036	1,036
Balance as at March 31, 2017	**1**	**1**	**–**	**710,762**	**710,763**

Particulars	Common stock Issued and outstanding		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)
Balance as at April 1, 2015	1	49	–	34,890,631	34,890,680
Loss for the year	–	–	–	(305,684)	(305,684)
Balance as at March 31, 2016	**1**	**49**	**–**	**34,584,947**	**34,584,996**
Profit for the year	–	–	–	50,485	50,485
Balance as at March 31, 2017	**1**	**49**	**–**	**34,635,432**	**34,635,481**

STATEMENTS OF CASH FLOWS

Particulars	**Year ended March 31, 2017 (CAD$)**	**Year ended March 31, 2017 (INR) (refer Note G)**	Year ended March 31, 2016 (CAD$)	Year ended March 31, 2016 (INR) (refer Note G)
Cash flow from operating activities				
Net profit/(loss)	**1,036**	**50,485**	(6,273)	(305,684)
Adjustments to reconcile net profit/(loss) to net cash generated from/(used in) operating activities				
Depreciation	**62**	**3,021**	741	36,109
Changes in assets and liabilities				
Accrued expenses and other current liabilities	**3,177**	**154,815**	(14,439)	(703,612)
Other current assets	**1,999**	**97,411**	–	–
Net cash generated from/(used in) operating activities	**6,274**	**305,732**	(19,971)	(973,187)
Net increase/(decrease) in cash and cash equivalents	**6,274**	**305,732**	(19,971)	(973,187)
Cash and cash equivalents at the beginning of the year	**716,432**	**34,911,731**	736,403	35,884,918
Cash and cash equivalents at the end of the year	**722,706**	**35,217,463**	716,432	34,911,731

(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 Consulting Limited (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily 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.

2. General information

The Company was incorporated under the laws of Canada on June 1, 2010. The Company is a wholly-owned subsidiary of Bristlecone Limited, a Cayman Islands Company. 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 Canadian Dollars ('CAD$'), 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.

3.3. Foreign currency transactions and translations

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 operations.

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. Equipment

Equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method over the estimated useful life of the respective assets. The Company has determined estimated useful life of 3 years for depreciation purposes.

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 and amortisation are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of operations.

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, 2017.

3.8. Income taxes

The Company accounts for income taxes and the related accounts in accordance with ASC 740, "Income Taxes." Deferred income tax assets and liabilities, if any, are computed annually, for differences between financial statements' base and tax base of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realised. Tax expense comprises of tax payable or refundable for the period plus or minus the changes during the period in deferred tax assets and liabilities.

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.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2017 CAD$	**As at March 31, 2017 INR (refer Note G)**	As at March 31, 2016 CAD$	As at March 31, 2016 INR (refer Note G)
Bank balances	**722,706**	**35,217,463**	716,432	34,911,731

NOTE C – OTHER CURRENT ASSETS

Other current assets comprises of the following:

	As at March 31, 2017 CAD$	**As at March 31, 2017 INR (refer Note G)**	As at March 31, 2016 CAD$	As at March 31, 2016 INR (refer Note G)
Taxes receivable	**–**	**–**	1,999	97,411
Others	**150**	**7,310**	150	7,310
	150	**7,310**	2,149	104,721

NOTE D – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprises of the following:

	As at March 31, 2017 CAD$	**As at March 31, 2017 INR (refer Note G)**	As at March 31, 2016 CAD$	As at March 31, 2016 INR (refer Note G)
Other accruals	**11,612**	**565,853**	8,916	434,477
Provision for tax	**481**	**23,439**	–	–
	12,093	**589,292**	8,916	434,477

NOTES TO FINANCIAL STATEMENTS

NOTE E – 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.

NOTE F – INCOME TAXES

Income tax expense for the year comprises of the following:

	As at March 31, 2017 CAD$	**As at March 31, 2017 INR (refer Note G)**	As at March 31, 2016 CAD$	As at March 31, 2016 INR (refer Note G)
Current tax expense/(benefit)	**374**	**18,225**	(1,923)	(93,708)
Deferred tax expense	–	–	–	–
	374	**18,225**	(1,923)	(93,708)

NOTE G – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2017 along with comparatives for the year ended March 31, 2016 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, 2017 of 1 CAD$ = 48.73 INR. The convenience translation should not be construed as a representation that the CAD$ 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 CAD$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE H – STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of unlimited number of common shares without nominal or par value, out of which 1 common share was issued and outstanding as at March 31, 2017 and March 31, 2016 which is held entirely by the Holding Company, Bristlecone Limited.

NOTE I – 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 J – SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 4, 2017, 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

Bristlecone International AG was incorporated on 21st June, 2011 under the laws of Switzerland. Your Directors' present their Report together with the audited accounts for the year ended 31st March, 2017.

Financial Results

Particulars	**Year ended 31st March, 2017 (CHF)**	**Year ended 31st March, 2017 (INR)**	Year ended 31st March, 2016 (CHF)	Year ended 31st March, 2016 (INR)
Gross Sales	**3,612,933**	**234,118,032**	3,099,711	200,861,266
Other Income	**33,193**	**2,150,916**	69,931	4,531,528
Total	**3,646,126**	**236,268,948**	3,169,642	217,659,309
Profit/(Loss) before Interest, Depreciation, Taxation	**669,398**	**43,376,997**	592,909	38,420,495
Less: Depreciation	**2,755**	**178,521**	3,089	200,154
Profit/(Loss) before Tax	**666,643**	**43,198,476**	589,820	38,220,341
Tax on Income	**30,110**	**1,951,128**	2,460	159,408
Net Profit/(Loss) after Tax	**636,533**	**41,247,347**	587,360	38,060,933
Balance of Profit for earlier years	**811,523**	**52,586,707**	224,163	14,525,774
Profit & Loss Account Balance carried forward	**1,448,056**	**93,834,054**	811,523	52,586,707

Share Capital

The Company's share capital is CHF 100,000 (INR 6,480,000) [Previous year CHF 100,000 (INR 6,480,000)] of which CHF 50,000 (INR 3,240,000) [Previous year CHF 50,000 (INR 3,240,000)] 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.

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 : 18th April, 2017

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2016/17

(for the period of 1 April, 2016 until 31 March, 2017)

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 2017.

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, 18 April 2017

BDO Ltd

Karel Hojac
Licensed Audit Expert
Auditor in Charge

Thomas Bigler
Licensed Audit Expert

Enclosures

Financial statements

Proposed appropriation of available earnings

BALANCE SHEET AS PER 31 MARCH, 2017

ASSETS	2017 CHF	2017 INR	2016 CHF	2016 INR
Current assets				
Cash and cash equivalents	253,414.99	16,421,291.35	414,410.77	26,853,817.90
Accounts receivables due from				
group companies	11,497.63	745,046.42	89,172.01	5,778,346.25
third parties	1,089,786.86	70,618,188.53	506,974.79	32,851,966.39
Other receivables	46,432.81	3,008,846.09	56,991.98	3,693,080.30
Services in progress	1,153,146.26	74,723,877.65	1,056,583.69	68,466,623.11
Accrued income and prepaid expenses	5,636.90	365,271.12	11,562.39	749,242.87
	2,559,915.45	**165,882,521.16**	**2,135,695.63**	**138,393,076.82**
Non current assets				
Financial assets	6,000.00	388,800.00	6,000.00	388,800.00
Office equipment	3,563.48	230,913.50	6,318.44	409,434.91
Non paid up share capital	50,000.00	3,240,000.00	50,000.00	3,240,000.00
	59,563.48	**3,859,713.50**	**62,318.44**	**4,038,234.91**
TOTAL ASSETS	**2,619,478.93**	**169,742,234.66**	**2,198,014.07**	**142,431,311.74**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Accounts payable due to group companies	902,174.36	58,460,898.53	1,035,310.13	67,088,096.42
Other payables	10,525.25	682,036.20	37,734.53	2,445,197.54
Deferred income and accrued expenses	108,722.92	7,045,245.22	163,446.15	10,591,310.52
Short term liabilities	**1,021,422.53**	**66,188,179.94**	**1,236,490.81**	**80,124,604.49**
Shareholder's equity				
Share capital	100,000.00	6,480,000.00	100,000.00	6,480,000.00
Statutory reserves	50,000.00	3,240,000.00	50,000.00	3,240,000.00
Voluntary retained earnings				
– Balance brought forward from prior year	811,523.26	52,586,707.25	224,163.18	14,525,774.06
– Result for the period	636,533.14	41,247,347.47	587,360.08	38,060,933.18
Total voluntary retained earnings	**1,448,056.40**	**93,834,054.72**	**811,523.26**	**52,586,707.25**
Total shareholder's equity	**1,598,056.40**	**103,554,054.72**	**961,523.26**	**62,306,707.25**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**2,619,478.93**	**169,742,234.66**	**2,198,014.07**	**142,431,311.74**

Bristlecone International AG

Schaffhausen,
Date : 18th April, 2017

R. Kulashekar

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	2016/17 CHF	2016/17 INR	2015/16 CHF	2015/16 INR
Income from services	3,516,370.02	227,860,777.30	2,121,056.54	137,444,463.79
Changes services in progress	96,562.57	6,257,254.54	978,654.36	63,416,802.53
Provision for doubtful debts	–	–	(5,914.47)	(383,257.66)
Net income	**3,612,932.59**	**234,118,031.83**	**3,093,796.43**	**200,478,008.66**
Services expenses	(2,585,907.18)	(167,566,785.26)	(2,000,011.14)	(129,600,721.87)
Gross result I	**1,027,025.41**	**66,551,246.57**	**1,093,785.29**	**70,877,286.79**
Personnel expenses	(149,459.03)	(9,684,945.14)	(325,262.01)	(21,076,978.25)
Gross result II	**877,566.38**	**56,866,301.42**	**768,523.28**	**49,800,308.54**
Rental expenses	(21,888.40)	(1,418,368.32)	(43,728.15)	(2,833,584.12)
Administrative expenses	(39,941.89)	(2,588,234.47)	(64,234.95)	(4,162,424.76)
Consulting, accounting and audit fees	(37,037.20)	(2,400,010.56)	(61,491.99)	(3,984,680.95)
Operating result before depreciation	**778,698.89**	**50,459,688.07**	**599,068.19**	**38,819,618.71**
Depreciation	(2,754.96)	(178,521.41)	(3,088.80)	(200,154.24)
Operating result (level EBIT)	**775,943.93**	**50,281,166.66**	**595,979.39**	**38,619,464.47**
Financial income	31,295.80	2,027,967.84	61,792.99	4,004,185.75
Financial expenses	(142,493.94)	(9,233,607.31)	(76,090.30)	(4,930,651.44)
Other income	1,897.35	122,948.28	1,574.90	102,053.52
Extraordinary income	–	–	6,563.10	425,288.88
Result before taxes	**666,643.14**	**43,198,475.47**	**589,820.08**	**38,220,341.18**
Taxes	(30,110.00)	(1,951,128.00)	(2,460.00)	(159,408.00)
Result for the year	**636,533.14**	**41,247,347.47**	**587,360.08**	**38,060,933.18**

Bristlecone International AG

Schaffhausen,
Date : 18th April, 2017

R. Kulashekar

NOTES TO THE FINANCIAL STATEMENTS AS PER 31 MARCH, 2017

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).

Disclosure on balance sheet items	**03/31/2017** CHF	**03/31/2017** INR	**03/31/2016** CHF	**03/31/2016** INR
Services in progress	1,153,146.26	74,723,877.65	1,056,583.69	68,466,623.11

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

Disclosure on income statement items	**03/31/2017** CHF	**03/31/2017** INR	**03/31/2016** CHF	**03/31/2016** INR
Extraordinary income				
Reversal of tax provisions for 2014	–	–	4,880.65	316,266.12
Reversal of tax provisions for 2015	–	–	1,682.45	109,022.76
	–	–	6,563.10	425,288.88

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 amount of CHF are translated for convenience into Indian Rupees at the exchange rate of CHF 1 = INR 64.80, 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, 2017

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	03/31/2017 CHF	**03/31/2017** INR	**03/31/2016** CHF	**03/31/2016** INR
Balance brought forward from prior year	811,523.26	52,586,707.25	224,163.18	14,525,774.06
Result for the period	636,533.14	41,247,347.47	587,360.08	38,060,933.18
Total voluntary retained earnings	1,448,056.40	93,834,054.72	811,523.26	52,586,707.25
Motion of the board of directors:				
Balance to be carried forward to new period	**1,448,056.40**	**93,834,054.72**	**811,523.26**	**52,586,707.25**

Bristlecone International AG

Schaffhausen,
Date : 18th April, 2017

R. Kulashekar

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Sixth Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue	**27,165.97**	22,228.35
Profit before Depreciation, Interest, Taxation and prior period items	**2,564.84**	3,912.40
Depreciation	**(399.68)**	(392.62)
Profit before Interest, Taxation and prior period items	**2,165.16**	3,519.78
Interest	**(23.64)**	(7.76)
Profit before Taxation and prior period items	**2,141.52**	3,512.02
Provision for Taxation for the year		
— Current Tax	**(900.00)**	(1,345.00)
— Deferred Tax	**143.10**	(26.16)
Profit for the year after Taxation	**1,384.62**	2,140.86
Other Comprehensive Income	**(0.06)**	(4.04)
Total comprehensive income for the year	**1,384.56**	2,136.82
Balance of Profit for earlier years	**4,156.55**	5,458.86
Interim Dividend	**–**	(2,857.42)
Tax on dividend	**–**	(581.71)
Balance of Profit carried forward	**5,541.11**	4,156.55
Net Worth	**7,534.39**	6,149.83

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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. 22,228.35 lakhs to Rs. 27,165.97 lakhs, registering a growth of 22.21% over the previous year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to Rs. 2,564.84 lakhs as against Rs. 3,912.40 lakhs in the previous year. The net profit after tax was Rs. 1,384.62 as compared to Rs. 2,140.86 lakhs in the previous year. The decrease in profit is mainly on account of higher manpower cost and lower utilization during the year.

RESERVES

The Company does not propose to transfer any amount to reserves.

OUTLOOK FOR THE CURRENT YEAR

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 would result in increase in revenues and combined with lower costs would reflect in improved margins for the current year.

SHARE CAPITAL

The paid-up Equity Share Capital as on 31st March, 2017 was Rs. 190,494,400/- divided into 19,04,944 Equity Shares of Rs. 100/- each which was the same as on 31st March 2016. 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 frame work for adequate internal Control Systems with reference to the financial statements. The Company's internal control system including internal financial controls, are commensurate with the nature of its business and the size and complexity of its operations and the same are adequate and operating effectively. These systems are periodically tested and no reportable material weakness in the design or operation were observed. The Audit Committee reviews adequacy and effectiveness of the Company's internal controls system including internal financial controls.

COMPOSITION OF BOARD OF DIRECTORS:

Sr. No.	Name of Director & DIN	Designation	Executive/Non-Executive	Independent/ Non-Independent
1.	Mr. Ulhas Yargop (DIN: 00054530)	Chairman	Non-Executive	Non-Independent
2.	Mr. K. Chandrasekar (DIN: 01084215)	Director	Non-Executive	Non-Independent
3.	Mr. P. R. Barpande (DIN: 00016214)	Director	Non-Executive	Independent
4.	Mr. Nikhilesh Panchal (DIN: 00041080)	Director	Non-Executive	Independent
5.	Mr. Mandar Vartak (DIN: 07562453)	Additional Director	Non-Executive	Non Independent

Mr. K. Chandrasekar (DIN: 01084215) 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) Rules, 2014 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.

Mr. Krishnadas Chillara (DIN: 00126027) resigned from the Board with effect from 30th June, 2016. The Board places its sincere appreciation on record and acknowledges the valuable contribution and guidance provided by Mr. Krishnadas Chillara during his stint as a Director of the Company.

The Company consequent to the above resignation and pursuant to the recommendation of Nomination and Remuneration Committee, appointed Mr. Mandar Vartak (DIN: 07562453) as an Additional Director of the Company with effect from 15th July, 2016.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit proposing candidature of Mr. Mandar Vartak for his appointment as Director at the ensuing Annual General Meeting.

MEETINGS OF THE BOARD

Your Board of Directors met four times during the year under review viz; on 26th April, 2016, 15th July, 2016, 24th October, 2016 and 17th January, 2017. 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	4
Mr. Krishnadas Chillara*	1
Mr. K. Chandrasekar	3
Mr. P. R. Barpande	4
Mr. Nikhilesh Panchal	3
Mr. Mandar Vartak#	3

** Resigned with effect from 30th June, 2016.*

 # Appointed with effect from 15th July, 2016.

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:

(a) In the preparation of the annual accounts, the applicable accounting standards have 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 31st March, 2017 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.

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 Key Managerial Personnel of your Company consists of Mr. Bhaskar Ramanasundaram as Chief Executive Officer, Mr. Harsh Vaish as Chief Financial Officer and Ms. Payal Vyas as 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 on 14th December, 2016 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), Mr. Nikhilesh Panchal and Mr. K. Chandrasekar as its members.

The Audit Committee met three times during the year under review viz; on 26th April 2016, 24th October, 2016 and 17th January, 2017.

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), Mr. P. R. Barpande, Mr. Ulhas Yargop and Mr. Mandar Vartak as its members. 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 was reconstituted with the appointment of Mr. Mandar Vartak in place of Mr. Krishnadas Chillara with effect from 15th July 2016.

The Nomination and Remuneration Committee met twice viz; on 26th April 2016 and 15th July, 2016 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. Krishnadas Chillara*	Member	1
Mr. Mandar Vartak#	Member	–

** Resigned with effect from 30th June 2016.*

 # Appointed with effect from 15th July 2016.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company's Corporate Social Responsibility Committee comprises Mr. Ulhas Yargop (Chairman), Mr. Mandar Vartak and Mr. Nikhilesh Panchal as its members. All the members of the Committee are Non-Executive Directors and Mr. Nikhilesh Panchal is an Independent Director.

Pursuant to Section 135 of Companies Act, 2013, the Corporate Social Responsibility Committee of your Company was re-constituted with effect from 15th July 2016 with the induction of Mr. Mandar Vartak as member pursuant to resignation of Mr. Krishnadas Chillara as Director of the Company w.e.f. 30th June, 2016.

The Corporate Social Responsibility Committee met once on 26th April 2016 during the year under review which was attended by Mr. Ulhas Yargop, Mr. Nikhilesh Panchal and Mr. Krishnadas Chillara.

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.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY COMPANIES

As on 31st March 2017 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. 8,030 lacs (previous year Rs. 8,002 lacs) and recorded a profit of Rs. 663 lacs (previous year Rs. 795 lacs).
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. 78 lacs (previous year Rs. 16 lacs) and registered a profit of Rs. 5 lacs (previous year loss of Rs. 13 lacs).

A Report on the perfomance and financial position of the Subsidiary Companies and their contribution to the overall perfomance of the Company is provided in Form AOC-1 which is attached to the Financial Statements and forms part of this Annual Report.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

In terms of section 139 of Companies Act, 2013 an Auditor who has completed two terms of 5 consecutive years is not eligible to be re-appointed as an auditor in the same company for a period of 5 years from completion of such term.

The existing statutory Auditors of the Company, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants have completed the maximum tenure as Statutory Auditors of the Company as provided under the Companies Act, 2013 and relevant rules thereunder.

Your Board has recommended the appointment of M/s. B. K. Khare & Co. (Firm Registration No. 105102W) in place of retiring auditors M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) for a period of 5 years subject to ratification at every 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. B. K. Khare & Co., to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint M/s. B. K. Khare & Co., as Statutory Auditors for a period of 5 years to hold office from the conclusion of forthcoming AGM till the conclusion of 31st AGM and fix their remuneration.

The Auditors' Report for the year 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.

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 ultimate 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, 24th April 2017

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 999 girl children.

(2) The Composition of the CSR Committee.

Mr. Ulhas Yargop

Mr. Mandar Vartak

Mr. Nikhilesh Panchal

(3) Average net profit of the Company for last three financial years (in lakhs): **Rs. 2527.19**

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (in lakhs): **Rs. 50.55**

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year (in lakhs) - Rs. 50.55

(b) Amount unspent, if any (in lakhs) – 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 Girl Child	Education of Girl Child	–
(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 Pan India	 –
(4)	Amount outlay (budget project or programme wise)	7,92,000	42,63,000	50,55,000
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	 7,92,000 –	 42,63,000 –	 50,55,000 –
(6)	Cumulative expenditure up to the reporting period	7,92,000	42,63,000	50,55,000
(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 999 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

Mandar Vartak
Director

Mumbai, 24th April, 2017

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 sprit 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 laddered 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, 24th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: 040-6716 2222 Fax: 040-2300 1153 Email id: einward.ris@karvy.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	IT Services	620	88.40%
2	Sale of products	465	11.60%

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	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	19,04,944*	19,04,944*	100%	–	19,04,944*	19,04,944*	100%	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	**19,04,944***	**19,04,944***	**100%**	–	**19,04,944***	**19,04,944***	**100%**	–
(2) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Others...	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**19,04,944***	**19,04,944***	**100%**	–	**19,04,944***	**19,04,944***	**100%**	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i) Others (Trust)	–	–	–	–	–	–	–	–	–
Sub-Total-B (1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
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	–	–	–	–	–	–	–	–	–
Sub-Total-(B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**19,04,944***	**19,04,944***	**100%**	–	**19,04,944***	**19,04,944***	**100%**	–

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%
	Total	**19,04,944**	**100%**	**Nil**	**19,04,944**	**100%**	**Nil**	**0.00%**

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	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Ulhas Yargop (Jointly with Bristlecone Ltd.)**	1	0.00	1	0.00
2.	Mr. Krishnadas Chillara (Jointly with Bristlecone Ltd.)**	1	0.00	1	0.00
3.	Mr. K. Chandrasekar (Jointly with Bristlecone Ltd.)**	10	0.00	10	0.00
4.	Mr. Mandar Vartak	NIL	0.00	NIL	0.00
5.	Mr. Nikhilesh Panchal	NIL	0.00	NIL	0.00
6.	Mr. P. R. Barpande	NIL	0.00	NIL	0.00
7.	Mr. Bhaskar Ramanasundaram	NIL	0.00	NIL	0.00
8.	Mr. Harsh Vaish	NIL	0.00	NIL	0.00
9.	Ms. 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
Indebtedness at the beginning of the financial year 01.04.2015				
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
Total of (1+2+3)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
+ Addition	Nil	Nil	Nil	Nil
– Reduction	Nil	Nil	Nil	Nil
Net change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year 31.03.2017				
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
Total of (1+2+3)	**Nil**	**Nil**	**Nil**	**Nil**

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 Director and/or Manager

B. Remuneration of other Directors:

I. Independent Directors:-

(Rs. In Lakhs)

	Name of Directors		
Particulars of Remuneration	**Mr. P. R. Barpande**	**Mr. Nikhilesh Panchal**	**Total Amount**
Fee for attending Board/Committee meetings	1.30	1.10	2.40
Commission	3.00	3.00	6.00
Others	NIL	NIL	NIL
Total (1)	**4.30**	**4.10**	**8.40**

II. Other Non-Executive Directors:-

(Rs. In Lakhs)

Other Non-Executive Directors	**Mr. Ulhas Yargop**	**Mr. K. Chandrasekar**	**Mr. Krishnadas Chillara (upto 30th June 2016)**	**Mr. Mandar Vartak (from 15th July 2016)**	**Total Amount**
Fee for attending Board/Committee meetings	NIL	NIL	NIL	NIL	NIL
Commission	NIL	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL	NIL
Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total B = (1+2)	**NIL**				
Ceiling as per the Act	1% of the Net profits of the Company				

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

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Person			
		Mr. Bhaskar Ramanasundaram (CEO)	Mr. Harsh Vaish (CFO)	Ms. Payal Vyas (CS)	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	66.29	61.25	–	127.54
	(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 Contribution to Provident Fund	1.52	1.43	–	2.95
6.	Others	–	–	1.26	1.26
	Total (C)	**67.81**	**62.68**	**1.26**	**131.75**

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)
A. COMPANY	Not applicable					
Penalty						
Punishment						
Compounding						
B. DIRECTORS						
Penalty	Not applicable					
Punishment						
Compounding						
C. OTHER OFFICERS IN DEFAULT						
Penalty	Not applicable					
Punishment						
Compounding						

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 24th April, 2017

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:

Sr. No.	Particulars of the loans given, investment made or guarantee given or security provided Date of making loan	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security	Amount
A	**Investments made**		
1	Investment in Subsidiary Company: Bristlecone (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: Bristlecone GmbH	Strategic Investment	Rs. 277.04 lakhs

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 24th April, 2017

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.	Name of the related party	Nature of relationship	Nature of contracts/ Transactions/ arrangements	Duration of contracts/ Transactions/ arrangements	Salient terms of contracts/ arrangements/ transactions including the value if any. (Rs.in lakhs)	Date (s) of approval by the Board if any	Amount paid as advance if any
1.	Bristlecone Inc.	Fellow Subsidiary	Professional Services	1 year	At Market Rates 6723.10	Not Applicable	–
2.	Bristlecone GmbH	Subsidiary Company	Professional Services	1 year	At Market Rates 5650.86	Not Applicable	–
3.	Mahindra and Mahindra Limited	Ultimate Holding Company	Professional Services	1 year	At Market Rates 5795.01	Not Applicable	–
4.	Mahindra and Mahindra Limited	Ultimate Holding Company	Sale of Software Licenses & Hardware	1 year	At Market Rates 2968.55	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, 24th April, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND 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 thereof.
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:

(Rupees in lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Foreign Currency Earnings	**14,512.86**	13,842.84
Foreign Exchange Outgo	**391.92**	391.31

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 24th April, 2017

INDEPENDENT AUDITORS' REPORT

To the members of Bristlecone India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **BRISTLECONE INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity 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 to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e. On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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, 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 Ind AS financial statements – Refer Note 30 to the Ind AS 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.

(iv) The Company does not transact in cash and accordingly the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Refer Note 12 to the Ind AS financial statements

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
(Membership No. 208238)

Mumbai, 24 April, 2017

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)

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 March 31, 2017 in conjunction with our audit of the standalone Ind AS 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 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, 2017, 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
(Membership No. 208238)

Mumbai, 24 April, 2017

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 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) 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 3 (ii) of the Order 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. Therefore the requirement of clause 3(iii) 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 Act 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 deposits during the year in terms of Sections 77 to 79 and hence reporting under clause 3 (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business/ activities, reporting under clause 3 (vi) of the Order 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, Employees' State Insurance, 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 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 March, 2017 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 March, 2017 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 lakhs) (Net of amount paid under protest)	Amount paid under protest (` in lakhs)
Income Tax Act, 1961	Income Tax	High Court	A.Y. 2008-09	–	71.00
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2009-10	92.65	60.55
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2010-11	105.02	153.69
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y. 2011-12	36.94	–
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y. 2012-13	9.54	–
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y. 2013-14	3.69	–
Income Tax Act, 1961	Income Tax	Assessing Officer	A.Y. 2014-15	15.22	–
Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	A.Y. 2006-07 to A.Y. 2007-08	183.81	3.47

(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 3 (viii) of the 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 3 (ix) of the 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 material 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 3 (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (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 Act, where applicable, for all transactions with the related parties and the details of the 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 3 (xiv) of 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 is directors or persons connected with him and hence provisions of section 192 of the Act 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 LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
Mumbai, April 24, 2017 (Membership No. 208238)

BALANCE SHEET AS AT 31 MARCH, 2017

` in Lakhs

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
I ASSETS				
NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	4	**846.48**	933.99	992.96
(b) Intangible Assets	5	**81.73**	54.98	–
(c) Financial Assets				
(i) Investments	6	**452.55**	452.55	654.14
(ii) Other Financial Assets	8	**72.23**	165.53	141.82
(d) Deferred Tax Assets (Net)	9	**565.20**	422.07	446.09
(e) Other Non-current Assets	10	**437.94**	365.41	355.39
SUB-TOTAL		**2,456.13**	2,394.53	2,590.40
CURRENT ASSETS				
(a) Financial Assets				
(i) Trade Receivables	11	**5,684.37**	2,670.05	2,323.16
(ii) Cash and Cash Equivalents	12	**1,639.21**	593.83	2,337.63
(iii) Other Bank Balances	12	**1,755.43**	2,742.50	2,181.43
(iv) Loans	7	**8.01**	7.45	12.63
(v) Other Financial Assets	8	**2,030.46**	1,183.54	587.96
(b) Other Current Assets	10	**351.92**	258.95	148.20
SUB-TOTAL		**11,469.40**	7,456.32	7,591.01
TOTAL ASSETS		**13,925.53**	9,850.85	10,181.41
II EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	13	**1,904.94**	1,904.94	1,904.94
(b) Other Equity	14	**5,629.45**	4,244.89	5,547.20
SUB-TOTAL		**7,534.39**	6,149.83	7,452.14
LIABILITIES				
2 NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	15	**–**	–	21.27
(ii) Other Financial Liabilities	16	**–**	–	3.06
(b) Provisions	17	**939.89**	767.28	612.53
SUB-TOTAL		**939.89**	767.28	636.86
3 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Trade Payables				
– Total outstanding dues of Micro Enterprises and Small Enterprises	19	**–**	–	–
– Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	19	**4,511.21**	2,197.21	1,574.17
(ii) Other Financial Liabilities	16	**77.68**	110.99	34.01
(b) Provisions	17	**298.43**	250.79	230.18
(c) Current Tax Liabilities (Net)		**106.40**	109.16	106.74
(d) Other Current Liabilities	18	**457.53**	265.59	147.31
SUB-TOTAL		**5,451.25**	2,933.74	2,092.41
TOTAL		**13,925.53**	9,850.85	10,181.41

See accompanying notes to the financial statements

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

Sunil S Kothari
Partner

Mumbai, 24 April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Payal Vyas
Company Secretary

Mumbai, 24 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

(` In Lakhs)

Particulars		Notes No.	**Year ended 31 March, 2017**	Year ended 31 March, 2016
I	Revenue from operations	20	**26,714.36**	21,580.23
II	Other income	21	**451.61**	648.12
III	**Total Revenue [I+II]**		**27,165.97**	22,228.35
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**3,089.23**	131.85
	(b) Employee benefit expense	22	**16,062.50**	13,964.52
	(c) Finance costs	23	**23.64**	7.76
	(d) Depreciation and amortisation expense	4	**399.68**	392.62
	(e) Other expenses	24	**5,449.4**	4,219.58
	Total Expenses (IV)		**25,024.45**	18,716.33
V	**Profit before tax (III-IV)**		**2,141.52**	3,512.02
VI	**Tax expense**			
	(a) Current tax	9	**900.00**	1,345.00
	(b) Deferred tax	9	**(143.10)**	26.16
	Total tax expense		**756.90**	1,371.16
VII	**Profit for the year (V-VI)**		**1,384.62**	2,140.86
VIII	**Other comprehensive income**			
	Items that will not be reclassified to the statement of profit or loss Remeasurements of the defined benefit plans net of income tax relating to items that will not be reclassified to profit or loss		**(0.06)**	(4.04)
IX	**Total comprehensive income for the year (VII+VIII)**		**1,384.56**	2,136.82
X	**Earnings per equity share:**			
	Basic and Diluted	25	**72.69**	112.38

See accompanying notes to the financial statements

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

Sunil S Kothari
Partner

Mumbai, 24 April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop
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Chief Financial Officer

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P. R. Barpande
Director

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Chief Executive Officer

Payal Vyas
Company Secretary

Mumbai, 24 April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

a. Equity share capital

(` In Lakhs)

Particulars	Equity Share Capital
As at 1 April, 2015	**1,904.94**
Changes in equity share capital during the year	**–**
As at 31 March, 2016	**1,904.94**
Changes in equity share capital during the year	**–**
As at 31 March, 2017	**1,904.94**

b. Other Equity

(` In Lakhs)

	Reserves and Surplus		
Particulars	**Capital Reserve**	**Retained Earnings**	**Total**
As at 1 April, 2015	**88.34**	**5,458.86**	**5,547.20**
Profit for the year	–	2,140.86	**2,140.86**
Other Comprehensive Income/(Loss)	–	(4.04)	**(4.04)**
Total Comprehensive Income for the year		**2,136.82**	**2,136.82**
Dividend paid on Equity Shares	–	(2,857.42)	**(2,857.42)**
Dividend Distribution Tax	–	(581.71)	**(581.71)**
As at 31 March, 2016	**88.34**	**4,156.55**	**4,244.89**
Profit/(Loss) for the year	–	1,384.62	**1,384.62**
Other Comprehensive Income/(Loss)	–	(0.06)	**(0.06)**
Total Comprehensive Income for the year	–	1,384.56	**1,384.56**
As at 31 March 2017	**88.34**	**5,541.11**	**5,629.45**

Cash dividends on equity shares declared and paid

(` In Lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Interim dividend for the year ended on 31 March, 2017: Nil (31 March, 2016: ` 150 per share)	**–**	2,857.42
Dividend Distribution Tax on interim dividend	**–**	581.71
	–	3,439.13

See accompanying notes to the financial statements

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

Sunil S Kothari
Partner

Mumbai, 24 April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop
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Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Payal Vyas
Company Secretary

Mumbai, 24 April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

(` In Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
Cash flows from operating activities		
Profit before tax for the year	**2,141.52**	3,512.02
Adjustments for:		
Finance costs recognised in profit or loss	**23.64**	7.76
Interest income	**(186.09)**	(309.98)
Dividend income	**–**	(0.15)
Impairment of investment carried at cost	**–**	200.59
Liabilities/provisions no longer required written back	**(265.52)**	(227.14)
Gain on disposal of property, plant and equipment	**0.33**	(0.34)
Depreciation and amortisation	**399.68**	392.62
Net foreign exchange (gain)/loss	**15.93**	(12.15)
	2,129.49	3,563.23
Movements in working capital:		
Increase in trade and other receivables	**(3,030.25)**	(334.74)
Increase in other assets	**(907.58)**	(727.76)
Increase in trade and other payables	**2,579.52**	850.18
Increase in Other liabilities	**191.94**	134.48
Increase in provisions	**220.16**	169.18
	(946.21)	91.34
Cash generated from operations	**1183.28**	3,654.57
Income taxes paid	**(965.86)**	(1,366.53)
Net cash generated by operating activities	**217.42**	2,288.04
Cash flows from investing activities		
Payments for property, plant and equipment	**(373.76)**	(305.13)
Proceeds from disposal of property, plant and equipment	**1.2**	3.42
Proceeds from sale of investments	**–**	1.00
Interest received	**237.09**	326.81
Fixed deposits with bank (net)	**987.07**	(561.07)
Dividend from current investments	**–**	0.15
Net cash (used in)/generated by investing activities	**851.60**	(534.82)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

(` In Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
Cash flows from financing activities		
Repayment of borrowings/finance lease	**–**	(50.13)
Dividends paid to owners of the Company	**–**	(2,857.42)
Tax on dividend	**–**	(581.71)
Interest paid	**(23.64)**	(7.76)
Net cash used in financing activities	**(23.64)**	(3,497.02)
Net increase in cash and cash equivalents	**1045.38**	(1,743.80)
Cash and cash equivalents at the beginning of the year	**593.83**	2,337.63
Cash and cash equivalents at the end of the year	**1,639.21**	593.83
Net increase/(decrease) in cash and cash equivalents	**1045.38**	(1,743.80)

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

Sunil S Kothari
Partner

Mumbai, 24 April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

K. Chandrasekar
Director

Mandar Vartak
Director

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Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Payal Vyas
Company Secretary

Mumbai, 24 April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

1 Corporate information

Bristlecone India Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in Business Consulting, Software Implementation and related support activities.

The financial statements prepared herewith are the separate financial statements of the Company and the Company has elected not to present its consolidated financial statements since its ultimate parent produces consolidated financial statements that are available for public use and comply with IND AS.

2 Statement of Compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended 31 March, 2016, the company has prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer Note 33 for the details of first-time adoption exemptions availed by the Company.

3 Significant accounting policies

3.01 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March, 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of The Companies (Accounts) Rules, 2014 (Indian GAAP). The financial statements have been prepared on a historical cost basis. The financial statements are presented in Indian Rupees (INR or `) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. 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/materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its 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 adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. Refer Note No. 9

3.03 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

Service Tax, sales tax/value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

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.

Interest income

For all instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the company and the amount of the dividend can be measured reliably.

3.04 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

3.05 Foreign currencies

The functional currency of Bristlecone India Limited is Indian Rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

3.06 Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.07 Employee benefits

1. Defined Contribution Plan:

   Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined Benefit Plan:

   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 annual 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 recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised 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 categorized as follows:

   - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
   - net interest expense or income; and
   - remeasurement.

(i) Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) Compensated Absences: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

3.08 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3.09 Property, plant and equipment

All Property, plant and equipments 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 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.

		Useful life
A	**Owned assets**	
	Leasehold improvement*	5 years
	Furniture and fittings	10 years
	Office equipment	5 years
	Office equipment -mobile handset*	3 years
	Computer and equipment	
	IT equipment -server	6 years
	IT equipment – non server	3 years
	Vehicles	8 years
B	**Assets under finance lease**	
	Computer and equipment	
	IT equipment – non server	3 years
	Furniture and fittings*	5 years
	Office equipment*	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.

3.10 Intangible assets

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.

3.11 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a Company of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.13 EPS

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.14 Business Segments

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3.15 Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cashflows by operating, investing and financing activities of the Company.

3.16 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

3.17 Share Capital

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet 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.

A 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 its 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 are available to measure fair value, maximising 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 categorised 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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 reporting date.

Deferred tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new in;formation about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Service Tax, Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Service Tax, sales/value added taxes paid, except:

– When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

– When receivables and payables are stated with the amount of tax included the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 First-time adoption of Ind AS:

These financial statements, for the period ended 31 March, 2017, are the first the Company has been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April, 2015.

Exceptions from full retrospective application:

The Company has applied the following mandatory exceptions from retrospective application of Ind AS:

- De-recognition of financial assets and liabilities exception - Financial assets and liabilities de-recognized before transition date are not re-recognized under Ind AS.
- Estimates exception - On an assessment of the estimates made under the Previous GAAP financial statements of the respective Company entities, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence that those estimates were in error. However, estimates, that were required under Ind AS but not required under Previous GAAP, are made by the Company for the relevant reporting dates, reflecting conditions existing as at that date without using any hindsight.
- The remaining mandatory exceptions either do not apply or are not relevant to the Company.

Company has applied following voluntary exemptions:

Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2015. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS.

Share Based Payment Transactions

The Company has elected not to apply Ind AS 102 share based payment to equity instruments that vested before the transition date of 1 April 2015.

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Note No. 4 – Property, Plant and Equipment

` in Lakhs

	Owned Assets					Under Finance lease			
Description of Assets	**Leasehold Improvement**	**Computer and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Computer and Equipment**	**Furniture and Fixtures**	**Office Equipment**	**Total**
I. Gross Carrying Amount									
Balance as at 1 April, 2016	504.83	1,537.83	342.64	411.34	83.52	–	–	–	**2,880.16**
Additions	–	292.63	6.36	0.85	–	–	–	–	**299.84**
Disposals	–	(10.70)	(23.29)	(0.62)	–	–	–	–	**(34.61)**
Balance as at 31 March, 2017	**504.83**	**1,819.76**	**325.71**	**411.57**	**83.52**	–	–	–	**3,145.39**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

` in Lakhs

Description of Assets	Owned Assets					Under Finance lease			Total
	Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computer and Equipment	Furniture and Fixtures	Office Equipment	
II. Accumulated depreciation and impairment									
Balance as at 1 April, 2016	**391.22**	**1,076.81**	**234.98**	**210.38**	**32.78**	–	–	–	**1,946.17**
Depreciation expense for the year	69.69	210.87	53.23	41.62	10.41	–	–	–	**385.82**
Eliminated on disposal of assets	–	(9.65)	(22.81)	(0.62)	–	–	–	–	**(33.08)**
Balance as at 31 March, 2017	**460.91**	**1,278.03**	**265.40**	**251.38**	**43.19**	–	–	–	**2,298.91**
III. Net carrying amount (I-II)	43.92	541.73	60.31	160.19	40.33	–	–	–	**846.48**

` in Lakhs

Description of Assets	Owned Assets					Under Finance lease			Total
	Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computer and Equipment	Furniture and Fixtures	Office Equipment	
I. Gross Carrying Amount									
Balance as at 1 April, 2015	504.83	1,202.53	276.97	318.50	92.29	29.46	90.97	43.39	**2,558.94**
Additions	–	308.79	22.37	1.87	–	–	–	–	**333.03**
Disposals	–	(2.95)	(0.09)	–	(8.77)	–	–	–	**(11.81)**
Others*	–	29.46	43.39	90.97	–	(29.46)	(90.97)	(43.39)	–
Balance as at 31 March, 2016	**504.83**	**1,537.83**	**342.64**	**411.34**	**83.52**	–	–	–	**2,880.16**
II. Accumulated depreciation and impairment									
Balance as at 1 April, 2015	321.53	847.90	149.15	100.70	27.92	27.96	61.48	29.34	**1,565.98**
Depreciation expense for the year	69.69	203.38	52.24	39.10	11.07	–	9.10	4.34	**388.92**
Eliminated on disposal of assets	–	(2.43)	(0.09)	–	(6.21)	–	–	–	**(8.73)**
Others*	–	27.96	33.68	70.58	–	(27.96)	(70.58)	(33.68)	–
Balance as at 31 March, 2016	**391.22**	**1,076.81**	**234.98**	**210.38**	**32.78**	–	–	–	**1,946.17**
III. Net carrying amount (I-II)	**113.61**	**461.02**	**107.66**	**200.96**	**50.74**	–	–	–	**933.99**

*** Assets pledged as security and restriction on titles**

The Company had taken certain assets on finance lease. The lease obligation was secured by the assets acquired under the finance lease hence other adjustment pertains to assets under finance lease amounting to ` 163.82 lakhs (previous year ` Nil), which have been re-classified to owned assets, on the closure of finance lease.

5. Intangible Assets

(` in Lakhs)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2016	**58.68**
Additions	**40.61**
Balance as at 31 March, 2017	**99.29**
II. Accumulated Amortisation	
Balance as at 1 April, 2016	**3.70**
Amortisation expense for the year	**13.86**
Balance as at 31 March, 2017	**17.56**
III. Net carrying amount (I-II)	**81.73**

(` in Lakhs)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2015	–
Additions	**58.68**
Balance as at 31 March, 2016	**58.68**
II. Accumulated Amortisation	
Balance as at 1 April, 2015	–
Amortisation expense for the year	**3.70**
Balance as at 31 March, 2016	**3.70**
III. Net carrying amount (I-II)	**54.98**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

6. Investments

Non-Current, Unquoted, Carried at Cost

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Qty	Amounts (` in Lakhs)	Qty	Amounts (` in Lakhs)	Qty	Amounts (` in Lakhs)
Cost						
Investments in Equity Instruments						
– Subsidiaries						
Bristlecone (Singapore) Pte. Ltd. [see note (i) below]	**1,670,000**	**501.47**	1,670,000	501.47	1,670,000	501.47
Bristlecone GmbH [see note (ii) below]	**1**	**277.04**	1	277.04	1	277.04
– Others						
Zoroastrian Co-operative Bank Ltd.	**–**	**–**	–	–	4,000	1.00
Total Investments Carried at Cost (A)		**778.51**		778.51		779.51
Impairment						
Impairment value for investment carried at cost		**325.96**		325.96		125.37
Total Impairment value for investment carried at cost (B)	**–**	**325.96**	–	325.96	–	125.37
Total Investment at Carried Value (A) – (B)	**–**	**452.55**	–	452.55	–	654.14
Other disclosures						
Aggregate amount of unquoted investments		**778.51**		778.51		779.51
Aggregate amount of impairment in value of investments		**325.96**		325.96		125.37

(i) The Company has investment of SGD 1,670,000 (` 501.47 Lakhs) in Bristlecone Singapore Pte Limited, a wholly owned subsidiary company. The accumulated losses as at 31 March, 2017 of the subsidiary on the basis of audited financial statements for the year ended 31 March, 2017 is SGD 1,640,222 (previous year SGD 1,649,308). Due to the continuous losses incurred by Bristlecone Singapore Pte Limited and the expected volume in pipeline, the Management of the Company believed that there is a permanent diminution in the value of the investment in the subsidiary. Accordingly the Company had made a provision amounting to ` 325.96 Lakhs i.e. 65% of the value of investment as at the year ended 31 March, 2016, which has been continued. During the current year, the subsidiary has made marginal profits and considering the business plans, there is no further impairment.

(ii) Includes ` 248.54 Lakhs (previous year ` 248.54 Lakhs) invested towards capital reserve of the company in accordance with German Commercial Code.

7. Loans

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
(a) Other Loans						
– Unsecured, considered good	**8.01**	**–**	7.45	–	12.63	–
Total Loans	**8.01**	**–**	7.45	–	12.63	–

8. Other financial assets

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Financial assets at amortised cost						
Other Current Financial Assets						
– Interest Accrued	**29.71**	**–**	80.71	–	97.54	–
– Unbilled Revenue	**1,787.99**	**–**	1,037.22	–	345.51	–
– Claims Receivable	**86.45**	**–**	56.71	–	132.41	–
– Security Deposits	**126.31**	**72.23**	8.90	165.53	12.50	141.82
Total Other Financial Assets	**2,030.46**	**72.23**	1,183.54	165.53	587.96	141.82

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

9. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(` in Lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Current Tax:		
In respect of current year	**900.00**	1,345.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(143.10)**	26.16
Total	**756.90**	1,371.16

(b) Income tax recognised in other Comprehensive income

(` in Lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Deferred tax		
Income taxes related to items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligations	**0.03**	2.14
Total	**0.03**	2.14

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(` in Lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Profit before tax from continuing operations	**2,141.52**	3,512.02
Income tax expense calculated at 34.61% (2016: 34.61%)	**741.14**	1,215.44
Effect of change in tax rate	**–**	(8.08)
Effect of expenses that is non-deductible in determining taxable profit	**15.76**	11.69
Effect of current year expenses for which no deferred tax asset is recognised	**–**	69.42
Changes in recognised deductible temporary differences	**–**	82.69
Income tax expense recognised in profit or loss	**756.90**	1,371.16

The tax rate used for the 31 March, 2017 and 31 March, 2016 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) An Explanation of changes in the applicable tax rates compared to previous accounting period

The increase of the Corporate income tax rate from 33.99% to 34.61% was substantively enacted on 28 February, 2015 and is effective from 1 April, 2015. As a result, the relevant deferred tax balances have been remeasured.

The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

(e) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable to reasonably estimate the future taxable profit against which the Company can use the benefit therefrom.

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Deductible Temporary differences (will never expire)			
Impairment value for investment carried at cost	**325.96**	325.96	125.37
Total	**325.96**	325.96	125.37

(f) Movement in deferred tax balances

(` in Lakhs)

Particulars	For the Year ended 31 March, 2017			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Depreciation	**40.58**	**4.49**	**–**	**45.07**
Provision for doubtful Trade receivables	**2.10**	**4.63**	**–**	**6.73**
Expenses covered under Section 43B	**352.36**	**76.18**	**0.03**	**428.57**
Expenses disallowed under Section 40(a)(ia)	**25.41**	**57.87**	**–**	**83.28**
Deferred Income	**1.62**	**(0.07)**	**–**	**1.55**
Net Tax Asset	**422.07**	**143.10**	**0.03**	**565.20**

(` in Lakhs)

Particulars	For the Year ended 31 March, 2016			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
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	63.78	2.14	352.36
Expenses disallowed under Section 40(a)(ia)	127.04	(101.63)	–	25.41
Deferred Income	1.57	0.05	–	1.62
Net Tax Asset	446.09	(26.16)	2.14	422.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

10. Other Assets

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Advances other than capital advances						
(i) Balances with government authorities (other than income taxes)	**117.91**	**–**	78.97	–	21.66	–
(ii) Prepaid expenses	**142.11**	**20.97**	121.51	11.54	58.25	25.47
(iii) Travel advances to employees	**71.20**	**–**	39.53	–	59.71	–
(iv) Other advances	**20.70**	**–**	18.94	–	8.58	–
(v) Advance Tax (net of provision ` 4,116.68 Lakhs (As at 31 March, 2016 ` 1,871.68 Lakhs; As at 1 April, 2015 ` 1,871.68 Lakhs)	**–**	**116.85**	–	204.61	–	180.66
(vi) Fringe benefits tax paid	**–**	**11.42**	–	11.42	–	11.42
(vii) Tax payments under dispute	**–**	**288.70**	–	137.84	–	137.84
Total Other Assets	**351.92**	**437.94**	258.95	365.41	148.20	355.39

11. Trade Receivables

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade receivables						
(a) Unsecured, considered good	**5,684.37**	**–**	2,670.05	–	2,323.16	–
(b) Doubtful	**19.42**	**–**	6.05	–	3.81	–
Less: Allowance for Credit Losses	**(19.42)**	**–**	(6.05)	–	(3.81)	–
Total	**5,684.37**	**–**	2,670.05	–	2,323.16	–
Of the above, trade receivables from:						
– Related Parties	**4,937.64**	**–**	2,089.38	–	1,988.30	–
– Others	**746.73**	**–**	580.67	–	334.86	–
Total	**5,684.37**	**–**	2,670.05	–	2,323.16	–

Refer Note 28 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

11. (a) Movement in the allowance for doubtful debts

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balance at beginning of the year	**6.05**	3.81	3.81
Impairment losses recognised in the year based on lifetime ECL			
– On receivables originated in the year	**–**	–	–
– Other receivables	**13.37**	2.24	–
Balance at end of the year	**19.42**	6.05	3.81

The average credit period on provision of services and sales of products is 60 days. No interest is charged on trade receivables.

Refer Note 28 for disclosures related to the trade balances from the Company's largest customers and related disclosures.

The Company provides a loss allowance on a case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for all customers. In addition, a larger number of customers that are outstanding for upto 90 days are assessed for impairment collectively.

12. Cash and Cash Equivalents

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Cash and cash equivalents			
(a) Balances with banks	**839.21**	443.83	494.14
(b) Others (Deposit account Less than 3 months)	**800.00**	150.00	1,826.49
(c) Remittance in transit	**–**	–	17.00
Total Cash and cash equivalents	**1,639.21**	593.83	2,337.63
Other Bank Balances			
(a) Balances with Banks:			
(i) Fixed Deposits with maturity greater than 3 months	**1,755.43**	2,742.50	2,181.43
Total Other Bank balances	**1,755.43**	2,742.50	2,181.43

The Company does not transact in cash and accordingly the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

13. Equity Share Capital

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	No. of shares	**Amount (` in Lakhs)**	No. of shares	Amount (` in Lakhs)	No. of shares	Amount (` in Lakhs)
Authorised:						
2,500,000 Equity shares of 100 each with voting rights	**2,500,000**	**2,500.00**	2,500,000	2,500.00	2,500,000	2,500.00
Issued:						
1,924,130 Equity shares of 100 each with voting rights	**1,924,130**	**1,924.13**	1,924,130	1,924.13	1,924,130	1,924.13
Subscribed and Fully Paid:						
1,904,944 Equity shares of 100 each with voting rights	**1,904,944**	**1,904.94**	1,904,944	1,904.94	1,904,944	1,904.94
Total		**1,904.94**		1,904.94		1,904.94

(i) The Company has only one class of shares i.e. equity shares having a par value of ` 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.

(ii) Details of shares held by the holding company:

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.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Number of shares held*	**% holding in that class of shares**	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						
Bristlecone Limited, Cayman Island	**1,904,944**	**100%**	1,904,944	100%	1,904,944	100%

* Includes 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

14. Other Equity

(` in Lakhs)

Particulars	Reserves and Surplus		
	Capital Reserve	Retained Earnings	Total
As at 1 April, 2015	88.34	5,458.86	5,547.20
Profit for the year	–	2,140.86	2,140.86
Other Comprehensive Income/(Loss)	–	(4.04)	(4.04)
Total Comprehensive Income for the year	–	2,136.82	2,136.82
Dividend paid on Equity Shares	–	(2,857.42)	(2,857.42)
Dividend Distribution Tax	–	(581.71)	(581.71)
As at 31 March, 2016	88.34	4,156.55	4,244.89
Profit/(Loss) for the year	–	1,384.62	1,384.62
Other Comprehensive Income/(Loss)	–	(0.06)	(0.06)
Total Comprehensive Income for the year	–	1,384.56	1,384.56
As at 31 March, 2017	**88.34**	**5,541.11**	**5,629.45**

15. Non-Current Borrowings

(` in Lakhs)

Particulars	Rate of Interest	Maturity	**As at 31 March, 2017**	As at 31 March, 2016	As at 1 April, 2015
Measured at amortised cost					
Secured Borrowings:					
Long term maturities of Finance Lease Obligations	12%	36 months	**–**	–	21.27
Total Borrowings			**–**	–	21.27

The Company had taken certain assets on finance lease. The lease obligation was secured by the assets acquired under the finance lease. The lease has been foreclosed during the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

16. Other Financial Liabilities

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost						
(a) Payable on Purchase of Fixed Assets	**61.48**	**–**	94.79	–	5.15	3.06
(b) Current maturities of finance lease obligations	**–**	**–**	–	–	28.86	–
(c) Security Deposits	**16.20**	**–**	16.20	–	–	–
Total other financial liabilities	**77.68**	**–**	110.99	–	34.01	3.06

17. Provisions

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Provision for employee benefits						
(i) Gratuity	**107.94**	**454.04**	89.47	370.68	94.38	293.02
(ii) Compensated absences	**190.49**	**485.85**	161.32	396.60	135.80	319.51
Total Provisions	**298.43**	**939.89**	250.79	767.28	230.18	612.53

18. Other Liabilities

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Income received in advance	**110.40**	**–**	83.29	–	75.37	–
(b) Statutory dues						
(i) Taxes payable (other than income taxes)	**130.93**	**–**	9.85	–	0.15	–
(ii) Employee Recoveries and Employer Contributions	**81.58**	**–**	67.09	–	52.97	–
(iii) TDS Payable	**134.62**	**–**	105.36	–	18.82	–
Total Other Liabilities	**457.53**	**–**	265.59	–	147.31	–

19. Trade Payables

(` in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 1 April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	**–**	**–**	–	–	–	–
(b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**4,511.21**	**–**	2,197.21	–	1,574.17	–
Total trade payables	**4,511.21**	**–**	2,197.21	–	1,574.17	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 28.

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.

20. Revenue from Operations

The following is an analysis of the company's revenue for the year from operations.

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Revenue from rendering of services	**23,609.67**	21,425.22
(b) Revenue from sale of products	**3,099.96**	148.00
(c) Other operating revenue (towards usage of IT and Mobile Equipments)	**4.73**	7.01
Total Revenue from Operations	**26,714.36**	21,580.23

21. Other Income

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Interest Income (On Fixed Deposits)	**170.41**	295.54
(b) Interest Income (On Financial Assets at Amortised Cost)	**15.68**	14.44
(c) Dividend Income	**–**	0.15
(d) Profit on sale of capital assets (net of loss on assets sold/ scrapped/written off)	**–**	0.34
(e) Net gain on foreign currency transactions and translation	**–**	110.51
(f) Liabilities/provisions no longer required written back	**265.52**	227.14
Total Other Income	**451.61**	648.12

22. Employee Benefits Expense

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Salaries and wages, including bonus	**15,239.11**	13,266.75
(b) Contribution to provident and other funds	**471.33**	392.73
(c) Gratuity	**150.27**	123.87
(d) Staff welfare expenses	**201.79**	181.17
Total Employee Benefit Expense	**16,062.50**	13,964.52

23. Finance Cost

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Interest Expenses		
(a) On Financial Liability at Amortised Cost		
(i) Cash Credit Account	**4.06**	3.14
(ii) Finance Lease	**–**	4.22
(b) Other Finance Cost (interest on delayed payment of taxes)	**19.58**	0.40
Total Finance Cost	**23.64**	7.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

24 Other Expenses

(` In Lakhs)

	Particulars	As at 31 March, 2017	As at 31 March, 2016
(a)	Power	**90.89**	89.11
(b)	Rent [net of recovery `. 64.80 lakhs (Previous year : `. 5.40 lakhs)]	**462.04**	463.76
(c)	Rates and taxes	**32.11**	2.56
(d)	Communication expenses	**305.23**	237.22
(e)	Travelling and conveyance	**1,145.37**	1,169.58
(f)	Recruitment expenses	**216.58**	245.39
(g)	Repairs and maintenance–computer and office equipment	**35.50**	24.35
(h)	Repairs and maintenance–Others	**22.23**	26.61
(i)	Insurance	**12.25**	3.88
(j)	Legal and other professional costs	**607.86**	606.79
(k)	Subcontracting expenses	**1,547.28**	458.52
(l)	Software expenses	**332.48**	214.99
(m)	Training expenses	**121.66**	54.37
(n)	Provision for doubtful debts and Bad debts written off (See note below)	**13.37**	37.94
(o)	Commission on sales	**39.00**	24.81
(p)	Loss on write off/sale of fixed assets (net)	**0.33**	–
(q)	Impairment value for investment carried at cost	**–**	200.59
(r)	Expenditure on Corporate Social Responsibilty (CSR) under section 135 of the Companies Act, 2013	**51.55**	31.02
(s)	Net loss on foreign currency transactions and translation (other than considered as finance cost)	**81.79**	–
(t)	Miscellaneous expenses	**331.88**	328.09
	Total Other Expenses	**5,449.40**	4,219.58

Provision for doubtful debts and Bad debts written off

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016
Bad debts written off	–	35.70
Add/(Less):- Provision for the doubtful debts	**13.37**	2.24
	13.37	37.94

25 Earnings per Share

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(` In Lakhs)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Profit for the year attributable to the owners of the company	**1,384.62**	2,140.86
Profit for the year used in the calculation of basic and diluted earnings per share	**1,384.62**	2,140.86
Weighted average number of equity shares	**1,904,944**	1,904,944
Earnings per share from continuing operations - Basic and Diluted (`.)	**72.69**	112.38

26 Disclosure of interest in Subsidiaries

(a) Details of the Company's material subsidiaries at the end of the reporting year are as follows:

(` In Lakhs)

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company			Quoted (Y/N)
			As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015	
Bristlecone (Singapore) Pte. Ltd.	Sale of services	Singapore	100%	100%	100%	N
Bristlecone GmbH	Sale of services	Germany	100%	100%	100%	N

Investments in subsidiary companies are accounted at Cost in accordance with para 10 of Ind AS 27 Separate Financial Statements.

27 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 `. 449.46 Lakhs (previous year `. 352.20 Lakhs) [net of recovery].

The future minimum lease payments under non-cancellable operating leases for each of the following years:

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Not later than one year	**–**	**–**	163.93
Later than one year but not later than five years	**–**	**–**	**–**
Later than five years	**–**	**–**	**–**
	–	**–**	163.93

(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 `. 64.80 Lakhs (previous year `. 5.40 Lakhs).

28 Financial Instruments

Capital Management

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

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.

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Equity	**7,534.39**	6,149.83	7,452.14
Less: Cash and cash equivalents	**1,639.21**	593.83	2,337.63
	5,895.18	5,556.00	5,114.51

Categories of financial assets and financial liabilities

Amortised Costs

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current Assets			
Investments	**452.55**	452.55	654.14
Other Financial Assets			
– Non Derivative Financial Assets	**72.23**	165.53	141.82
Current Assets			
Trade Receivables	**5,684.37**	2,670.05	2,323.16
Cash and Cash Equivalents	**1,639.21**	593.83	2,337.63
Other Bank Balances	**1,755.43**	2,742.50	2,181.43
Loans	**8.01**	7.45	12.63
Other Financial Assets			
– Non Derivative Financial Assets	**2,030.46**	1,183.54	587.96
Non-current Liabilities			
Borrowings	**–**	–	21.27
Other Financial Liabilities			
– Non Derivative Financial Liabilities	**–**	–	3.06
Current Liabilities			
Trade Payables	**4,511.21**	2,197.21	1,574.17
Other Financial Liabilities			
– Non Derivative Financial Liabilities	**77.68**	110.99	34.01

Fair Value of Financials Assets/Liabilities at Amortised Cost

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Non-current Assets			
Investments	**452.55**	452.55	654.14
Other Financial Assets			
– Non Derivative Financial Assets	**72.23**	165.53	141.82
Current Assets			
Trade Receivables	**5,684.37**	2,670.05	2,323.16
Cash and Cash Equivalents	**1,639.21**	593.83	2,337.63
Other Bank Balances	**1,755.43**	2,742.50	2,181.43
Loans	**8.01**	7.45	12.63
Other Financial Assets			
– Non Derivative Financial Assets	**2,030.46**	1,183.54	587.96
Non-current Liabilities			
Borrowings	**–**	–	21.27
Other Financial Liabilities			
– Non Derivative Financial Liabilities	**–**	–	3.06
Current Liabilities			
Trade Payables	**4,511.21**	2,197.21	1,574.17
Other Financial Liabilities			
– Non Derivative Financial Liabilities	**77.68**	110.99	34.01

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved regularly.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Of the trade receivable balances following are due from the Company's largest customers.

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Bristlecone International AG	**457.90**	675.47	156.04
Bristlecone GmbH	**709.17**	396.00	330.69
Bristlecone (Malaysia) Sdn Bhd	**76.86**	380.02	176.61
Mahindra and Mahindra Limited	**2,588.18**	329.55	143.33
Bristlecone Inc	**733.39**	249.08	1,127.94
ABB Global Industries & Services Pvt Ltd	**303.40**	169.95	225.70

Apart from above customers who represent more than 5% of the total balance of trade receivables, the Company does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The company provides a loss allowance on a case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for all customers. In addition, a larger number of customers that are outstanding for upto 90 days are assessed for impairment collectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

Reconciliation of loss allowance provision for Trade Receivables

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Balance as at beginning of the year	**6.05**	3.81	3.81
Impairment losses recognised in the year based on lifetime expected credit losses			
– On receivables originated in the year	**–**	–	–
– Other receivables	**13.37**	2.24	–
Balance at end of the year	**19.42**	6.05	3.81

During the year, the company has made write off of `. Nil (31 March 2016: `. 35.70 lakhs) of trade receivable. These trade receivables are not subject to enforcement activity.

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Chief Financial Officer, who has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(` In Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2017				
Borrowings	–	–	–	–
Trade Payables	4,511.21	–	–	–
Other Financial Liabilities	77.68	–	–	–
Total	**4,588.89**	**–**	**–**	**–**
31 March 2016				
Borrowings	–	–	–	–
Trade Payables	2,197.21	–	–	–
Other Financial Liabilities	110.99	–	–	–
Total	**2,308.20**	**–**	**–**	**–**
1 April 2015				
Borrowings	–	21.27	–	–
Trade Payables	1,574.17	–	–	–
Other Financial Liabilities	34.01	3.06	–	–
Total	**1,608.18**	**24.33**	**–**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Secured Bank Overdraft facility			
– Expiring within one year	1,000.00	1,000.00	1,000.00
	1,000.00	1,000.00	1,000.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(` In Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31 March 2017				
Investments	–	–	–	452.55
Loans	8.01	–	–	–
Trade Receivables	5,684.37	–	–	–
Cash and Cash Equivalents	1,639.21	–	–	–
Other Bank Balances	1,755.43	–	–	–
Other Financial Assets	2,030.46	72.23	–	–
Total	**11,117.48**	**72.23**	**–**	**452.55**
31 March 2016				
Investments	–	–	–	452.55
Loans	7.45	–	–	–
Trade Receivables	2,670.05	–	–	–
Cash and Cash Equivalents	593.83	–	–	–
Other Bank Balances	2,742.50	–	–	–
Other Financial Assets	1,183.54	165.53	–	–
Total	**7,197.37**	**165.53**	**–**	**452.55**
1 April 2015				
Investments	–	–	–	654.14
Loans	12.63	–	–	–
Trade Receivables	2,323.16	–	–	–
Cash and Cash Equivalents	2,337.63	–	–	–
Other Bank Balances	2,181.43	–	–	–
Other Financial Assets	587.96	141.82	–	–
Total	**7,442.81**	**141.82**	**–**	**654.14**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Balances in Functional Currency (INR)

(` In Lakhs)

Particulars	Currency	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Trade Receivables	USD	**1,387.71**	939.09	1,307.02
	MYR	**77.55**	361.58	176.61
	SGD	**14.50**	–	1.82
	EUR	**688.80**	421.78	320.88
	ZAR	**–**	5.97	–
	CHF	**0.65**	–	–
Unbilled Revenues	USD	**–**	15.12	–
Trade Payables	SGD	**23.21**	–	–

Balances in Respective Foreign Currency

(` In Lakhs)

Particulars	Currency	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Trade Receivables	USD	**2,114,664**	1,406,583	2,087,553
	MYR	**524,360**	2,247,286	1,047,349
	SGD	**30,744**	–	4,000
	EUR	**995,752**	562,222	474,368
	ZAR	**–**	137,561	–
	CHF	**1,000**	–	–
Unbilled Revenues	USD	**–**	22,425	–
Trade Payables	SGD	**50,000**	–	–

All the above foreign currency exposures are not hedged by a derivative.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, SGD, MYR, CHF and ZAR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(` In Lakhs)

Particulars	Currency	Change in rate	Effect on profit before tax
For the year ended on 31 March 2017	USD	+10%	138.77
	USD	-10%	(138.77)
	MYR	+10%	7.75
	MYR	-10%	(7.75)
	SGD	+10%	(0.87)
	SGD	-10%	0.87
	EUR	+10%	68.88
	EUR	-10%	(68.88)
	CHF	+10%	0.06
	CHF	-10%	(0.06)
For the year ended on 31 March 2016	USD	+10%	95.42
	USD	-10%	(95.42)
	MYR	+10%	36.16
	MYR	-10%	(36.16)
	EUR	+10%	42.18
	EUR	-10%	(42.18)
	ZAR	+10%	0.60
	ZAR	-10%	(0.60)
For the year ended on 31 March 2015	USD	+10%	130.70
	USD	-10%	(130.70)
	MYR	+10%	17.66
	MYR	-10%	(17.66)
	EUR	+10%	32.09
	EUR	-10%	(32.09)
	SGD	+10%	0.18
	SGD	-10%	(0.18)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to the risk of changes in market interest rates.

29 Segment information

The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3.

Geographic information

The company operates in 2 principal geographical areas - India (country of domicile) and outside India. The Company's revenue from external customers by location of operations and information about its non current assets by location of assets are details below:

(` In Lakhs)

Particulars	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Revenue from external customers		
India	**12,201.50**	7,737.39
Outside India	**14,512.86**	13,842.84
Total revenue per statement of profit or loss	**26,714.36**	**21,580.23**

Non-current operating assets:

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
India	**928.21**	988.97	992.96
Outside India	**–**	–	–
Total	**928.21**	**988.97**	**992.96**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Revenue from major services

The Company's business activity falls within a single line of services viz. Business Consulting, Software Implementation and related support activities.

Information about major customers

Included in revenues arising from sale of services & products are revenue of approx. ` 21,137.52 lakhs (31 March, 2016: ` 15,815.85 lakhs) which rose from sales to the Company's top 3 customers. No other customer contributed to 10% or more to the Company's revenue for both the years 2016-17 and 2015-16.

30 Contingent liabilities and commitments

(` in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Contingent liabilities			
(a) Income tax matters under litigations (including interest)	**417.50**	270.66	255.86
(b) Service tax matters under litigations (including interest)	**187.28**	–	–

Note: As on 31 March, 2017 the company's management does not expect any outflow in respect of these pending litigations related to tax matters stated above based on the legal advice obtained.

Capital Commitments as at 31 March, 2017 `. 49.77 Lakhs (Previous Year `. Nil).

31 Employee benefits

(a) 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 22. Contribution to provident and other funds as disclosed in note 22 are as under:

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Employer's Contribution to Provident Fund	**233.60**	188.81
Employer's Contribution to Family Pension Fund	**187.99**	162.80
Employer's Contribution to Superannuation Fund	**5.44**	6.38

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is as per the amount calculated as per the Payment of Gratuity Act, 1972. The benefit vests 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, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31 March, 2017	31 March, 2016	1 April, 2015
Discount rate(s)	6.75%	7.60%	7.95%
Expected rate(s) of salary increase	6.00%	7.00%	7.00%
Rate of Leaving Service	Age 21-44 Year -25% Age 45-59 Year- 10%	Age 21-44 Year -25% Age 45-59 Year- 10%	Age 21-44 Year -25% Age 45-59 Year- 10%
Mortality Rate	As per Indian Assured Lives Mortality (2006-08) Ult table	As per Indian Assured Lives Mortality (2006-08) Ult table	As per Indian Assured Lives Mortality (2006-08) Ult table

Defined benefit plans – as per actuarial valuation

Gratuity (Unfunded)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

(` In Lakhs)

Particulars	For the Year Ended 31 March, 2017	31 March, 2016	1 April, 2015
Service Cost			
Current Service Cost	**118.70**	96.82	84.80
Net interest expense	**31.57**	27.05	25.38
Components of defined benefit costs recognised in profit or loss	**150.27**	123.87	110.18
Remeasurement on the net defined benefit liability			
Actuarial gains and loss arising form changes in financial assumptions	**(4.13)**	7.45	(4.48)
Actuarial gains and loss arising form experience adjustments	**4.22**	(1.27)	(12.00)
Components of defined benefit costs recognised in other comprehensive income	**0.09**	6.18	(16.48)
Total	**150.36**	**130.05**	**93.70**

(` In Lakhs)

Particulars	As at 31 March, 2017	31 March, 2016	1 April, 2015
I. Net Liability recognised in the Balance Sheet as at 31 March			
1. Present value of defined benefit obligation	561.98	460.15	387.40
2. Fair value of plan assets	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

(` In Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
3. Surplus/(Deficit)	**561.98**	**460.15**	**387.40**
4. Current portion of the above	107.94	89.47	94.38
5. Non current portion of the above	454.04	370.68	293.02
II. Change in the obligation during the year ended 31 March			
1. Present value of defined benefit obligation at the beginning of the year	460.15	387.40	328.78
2. *Expenses Recognised in Profit and Loss Account*			
– Current Service Cost	118.70	96.82	84.80
– Interest Expense (Income)	31.57	27.05	25.38
3. *Recognised in Other Comprehensive Income*			
Remeasurement gains/(losses)			
– Actuarial Gain (Loss) arising from:			
i. Financial Assumptions	0.09	6.18	(16.48)
4. Benefit payments	(48.53)	(57.30)	(35.08)
5. Present value of defined benefit obligation at the end of the year	**561.98**	**460.15**	**387.40**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(` In Lakhs)

Principal Assumption	For the year ended	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	31 March 2017	100 basis points	-4.48%	4.91%
	31 March 2016	100 basis points	-4.49%	4.92%
	31 March 2015	100 basis points	-4.27%	4.67%
Salary growth rate	31 March 2017	100 basis points	4.90%	-4.55%
	31 March 2016	100 basis points	4.90%	-4.56%
	31 March 2015	100 basis points	4.67%	-4.35%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

Maturity profile of defined benefit obligation:

(` In Lakhs)

Maturity Profile	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Expected benefits for Year 1	**107.94**	89.47	94.38
Expected benefits for Year 2	**105.19**	81.36	69.82
Expected benefits for Year 3	**93.72**	79.91	63.25
Expected benefits for Year 4	**78.83**	70.55	66.13
Expected benefits for Year 5	**67.03**	56.41	50.28
Expected benefits for Year 6	**58.44**	46.48	39.18
Expected benefits for Year 7	**49.80**	42.49	30.92
Expected benefits for Year 8	**34.40**	36.78	29.61
Expected benefits for Year 9	**36.53**	24.76	25.93
Expected benefits for Year 10 and above	**186.63**	181.77	142.00

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 4.69 years (2016: 4.70 years, 2015: 4.46 years)

Experience Adjustments:

(` In Lakhs)

Particulars	For the Year Ended 31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013
Gratuity					
1. Defined Benefit Obligation	**561.98**	460.15	387.4	328.78	330.70
2. Experience adjustment on plan liabilities [(Gain)/Loss]	**4.22**	(1.27)	(12.00)	(24.28)	0.07

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

The current service cost and the net interest expense for the year are included in the employee benefits expense in Profit or Loss.

(c) Compensated Absences:

Compensated absences charged to Statement of Profit and Loss ` 205.22 lakhs (previous year ` 189.39 lakhs) and liability as at 31 March, 2017 ` 676.34 lakhs (As at 31 March, 2016 ` 557.91 lakhs; As at 1 April, 2015 ` 455.31)

32 Related Party Transactions

Name of the Related Party and Nature of Relationship

(a) Holding company and ultimate holding company

Bristlecone Limited (Holding company)

Mahindra and Mahindra Limited (Ultimate Holding company)

(b) Subsidiary companies

Bristlecone (Singapore) Pte. Ltd.

Bristlecone GmbH

(c) Fellow subsidiaries (where there are transactions)

Bristlecone Inc.

Bristlecone UK Limited

Bristlecone (Malaysia) Sdn. Bhd.

Bristlecone International AG

Bristlecone Middle East DMCC

Mahindra First Choice Services Limited

Mahindra First Choice Wheels Limited

Mahindra Lifespace Developers Limited

Mahindra Retail Private Limited

Mahindra Agri Solutions Limited
(formerly known as Mahindra Shubhlabh Services Limited)

Mahindra USA Inc.

Mahindra Integrated Business Solutions Private Limited

Mahindra Holidays & Resorts India Limited

Mahindra Vehicles Manufacturers Limited

Mahindra & Mahindra South Africa (Pty) Limited

Mahindra Electric Mobility Limited
(formerly known as Mahindra Reva Electric Vehicles Limited)

Mahindra Susten Private Limited

Mahindra Trucks and Buses Limited

Mahindra Automobile Distributor Private Limited

(d) Others (where there are transactions)

Associates of the ultimate holding company

Mahindra CIE Automotive Limited

Metalcastello S.P.A

Joint Venture of the ultimate holding company

Mahindra Logistics Limited

Subsidiary of Joint Venture of the ultimate holding company

Mahindra Aerostructures Private Limited

Gippsaero Pty. Limited

Post Employment benefit plan

Mahindra Consulting Ltd Employee's Superannuation Scheme

(e) Key Managerial Personnel

Satish Moorjani - Chief Executive Officer upto 22 April, 2015

Bhaskar Ramanasundaram - Chief Executive Officer w.e.f. 9 October, 2015

Harsh Vaish - Chief Financial Officer

Payal Vyas - Company Secretary

Details of transaction between the Company and its related parties are disclosed below:

(` in Lakhs)

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Reimbursement of expenses paid	31-Mar-17	37.87	–	–	–	17.63
	31-Mar-16	11.23	–	–	–	–
Reimbursement of expenses received	31-Mar-17	13.54	–	85.29	527.45	1.59
	31-Mar-16	4.96	–	101.94	763.74	–
Income from services rendered	31-Mar-17	5,817.14	–	5,664.88	9,241.08	48.25
	31-Mar-16	4,583.49	–	5,272.31	8,837.02	59.65
Income from sale of product/hardware	31-Mar-17	2,968.55	–	–	131.42	–
	31-Mar-16	139.00	–	–	–	–
Income from sub-lease	31-Mar-17	–	–	–	64.80	–
	31-Mar-16	–	–	–	5.40	–
Dividend Paid (Excluding Dividend Distribution Tax)	31-Mar-17	–	–	–	–	–
	31-Mar-16	–	2,857.42	–	–	–
Professional fees	31-Mar-17	–	–	–	17.68	–
	31-Mar-16	–	–	–	15.83	–
Business Promotion Expenses	31-Mar-17	–	–	23.21	–	–
	31-Mar-16	–	–	–	–	–
Rent Expenses	31-Mar-17	0.55	–	–	–	–
	31-Mar-16	–	–	–	–	–
Other expenses	31-Mar-17	0.77	–	–	10.83	–
	31-Mar-16	8.16	–	–	3.24	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

(` in Lakhs)

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Contribution for the year	31-Mar-17	–	–	–	–	5.50
	31-Mar-16	–	–	–	–	6.00

(` in Lakhs)

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Receivable balance at the year end.	31-Mar-17	2,588.18	–	723.44	1,602.67	23.35
	31-Mar-16	329.14	–	396.00	1,362.28	1.96
Payable balance at the year end.	31-Mar-17	16.43	–	23.21	1.75	–
	31-Mar-16	3.78	–	–	1.51	–
Provision for doubtful trade receivables as at the year end.	31-Mar-17	–	–	–	–	–
	31-Mar-16	3.81	–	–	–	–
Security deposits received	31-Mar-17	–	–	–	16.20	–
	31-Mar-16	–	–	–	16.20	–
Unbilled Revenues as at the year end	31-Mar-17	1,323.18	–	–	23.34	0.52
	31-Mar-16	334.64	–	–	0.63	–
Income received in advance	31-Mar-17	89.75	–	–	0.48	–
	31-Mar-16	80.64	–	–	–	–

Company has incurred ` 3.27 lakhs (31 March, 2016: ` 2.43 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Ltd.

Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries, bonus, etc.	130.49	120.11
Post-employment benefits	1.74	1.58
Other long-term benefits	3.14	1.29

33. Reconciliation with previous GAAP

(a) Reconciliation of equity as under Previous GAAP (I GAAP) to Ind AS as at 1 April, 2015 & 31 March, 2016

(` in Lakhs)

Particulars	Note No.	As on 31 March, 2016			As on 1 April, 2015		
		Previous GAAP	Effect of transition to Ind AS	Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	Ind AS Balance Sheet
I **ASSETS**							
1 **NON-CURRENT ASSETS**							
(a) Property, Plant and Equipment		933.99	–	933.99	992.96	–	992.96
(b) Intangible Assets		54.98	–	54.98	–	–	–
(c) Financial Assets							
(i) Investments		452.55	–	452.55	654.14	–	654.14
(ii) Other Financial Assets	1	195.47	(29.94)	165.53	186.20	(44.38)	141.82
(d) Deferred Tax Assets (Net)	1&2	420.45	1.62	422.07	444.52	1.57	446.09
(e) Other Non-current Assets	1	353.87	11.54	365.41	329.91	25.48	355.39
SUB-TOTAL		2,411.31	(16.78)	2,394.53	2,607.73	(17.33)	2,590.40
2 **CURRENT ASSETS**							
(a) Financial Assets							
(i) Trade Receivables		2,670.05	–	2,670.05	2,323.16	–	2,323.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

(` in Lakhs)

Particulars	Note No.	As on 31 March, 2016			As on 1 April, 2015		
		Previous GAAP	Effect of transition to Ind AS	Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	Ind AS Balance Sheet
(ii) Cash and Cash Equivalents		593.83	–	593.83	2,337.63	–	2,337.63
(iii) Other Bank Balances		2,742.50	–	2,742.50	2,181.43	–	2,181.43
(iv) Loans		7.45	–	7.45	12.63	–	12.63
(v) Other Financial Assets		1,183.54	–	1,183.54	587.96	–	587.96
(b) Other Current Assets	1	245.05	13.90	258.95	133.94	14.26	148.20
SUB-TOTAL		7,442.42	13.90	7,456.32	7,576.75	14.26	7,591.01
TOTAL ASSETS		**9,853.73**	**(2.88)**	**9,850.85**	**10,184.48**	**(3.07)**	**10,181.41**
II EQUITY AND LIABILITIES							
1 EQUITY							
(a) Equity Share Capital		1,904.94	–	1,904.94	1,904.94	–	1,904.94
(b) Other Equity	1&2	4,247.77	(2.88)	4,244.89	5,550.27	(3.07)	5,547.20
SUB-TOTAL		6,152.71	(2.88)	6,149.83	7,455.21	(3.07)	7,452.14
LIABILITIES							
2 NON-CURRENT LIABILITIES							
(a) Financial Liabilities							
(i) Borrowings		–	–	–	21.27	–	21.27
(ii) Other Financial Liabilities		–	–	–	3.06	–	3.06
(b) Provisions		767.28	–	767.28	612.53	–	612.53
SUB-TOTAL		767.28	–	767.28	636.86	–	636.86
3 CURRENT LIABILITIES							
(a) Financial Liabilities							
(i) 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	–	2,197.21	1,574.17	–	1,574.17
(ii) Other Financial Liabilities		110.99	–	110.99	34.01	–	34.01
(b) Provisions		250.79	–	250.79	230.18	–	230.18
(c) Current Tax Liabilities (Net)		109.16	–	109.16	106.74	–	106.74
(d) Other Current Liabilities		265.59	–	265.59	147.31	–	147.31
SUB-TOTAL		2,933.74	–	2,933.74	2,092.41	–	2,092.41
TOTAL		**9,853.73**	**(2.88)**	**9,850.85**	**10,184.48**	**(3.07)**	**10,181.41**

(b) Reconciliation of profit as under Previous GAAP (I GAAP) to Ind AS as at 31 March 2016

` in Lakhs

Particulars	Note No.	As on 31 March, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
I Revenue from operations		21,580.23		21,580.23
II Other Income	1	633.68	14.44	648.12
III **Total Revenue (I + II)**		**22,213.91**	**14.44**	**22,228.35**
IV **EXPENSES**				
(a) Purchases of Stock-in-trade		131.85		131.85
(b) Employee benefit expense	2	13,970.70	(6.18)	13,964.52
(c) Finance costs		7.76		7.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

` in Lakhs

Particulars	Note No.	As on 31 March, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
(d) Depreciation and amortisation expense		392.62		392.62
(e) Other expenses	1	4,205.28	14.30	4,219.58
Total Expenses (IV)		**18,708.21**	**8.12**	**18,716.33**
V **Profit before tax (III-IV)**		**3,505.70**	**6.32**	**3,512.02**
VI **Tax Expense**				
Current tax		1,345.00	-	1,345.00
(2) Deferred tax	1&2	24.07	2.09	26.16
Total tax expense		**1,369.07**	**2.09**	**1,371.16**
VII **Profit for the year (V-VI)**		**2,136.63**	**4.23**	**2,140.86**
VIII **Other comprehensive income**				
Items that will not be reclassified to the statement of profit or loss				
Remeasurements of the defined benefit plans net of income tax relating to items that will not be reclassified to profit or loss	2	–	(4.04)	(4.04)
IX **Total comprehensive income for the year (VII+VIII)**		**2,136.63**	**0.19**	**2,136.82**

Notes:-

(i) Financial Assets and Financial Liabilities carried at amortized cost

The Company has given certain interest free deposits for premises taken on lease, which have been recognised as an asset under Indian GAAP at transaction value. However, under Ind AS 109, such deposits have been initially measured at amortised cost using the effective interest method. The difference between the deposits paid and the initial measurement at amortised cost has been treated as prepaid rent on the date of transition and recognized as expense in the Statement of Profit and Loss on a straight line basis over the period of the agreement.

(ii) Actuarial gain/loss recognised in Statement of Other Comprehensive Income (SOCI)

Actuarial gain/loss for the year was recognized as an expense under Employee benefits in the Statement of profit and loss of respective years under Indian GAAP. Under Ind AS 19, actuarial gains and losses are recognised in Other Comprehensive Income and are not recycled to the Statement of Profit and Loss.

(iii) Material adjustments to the Statement of Cash Flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

34 Additional Information to the Financial Statements

(a) Expenditure in foreign currency on account of:-

` in Lakhs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Travelling	**138.86**	207.14
Subscription expenses	**10.21**	12.29
Software purchase expenses	**141.70**	114.80
Subcontracting expenses	**66.99**	57.08
Business promotion expenses	**23.21**	–
Training expenses	**10.95**	–
	391.92	391.31

(b) Earnings in foreign exchange

` in Lakhs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Professional and consultancy fees in respect of services rendered (including unbilled revenue)	**14,512.86**	13,842.84

(c) Amounts remitted in foreign currency during the year on account of dividend

` in Lakhs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Amount of dividend remitted in foreign currency	–	2,857.42
Total number of non-resident shareholders to whom the dividends were remitted in foreign currency	**NA**	1
Total number of shares held by them on which dividend was due	**NA**	1,904,944
Year to which the dividend relates	**NA**	2015-16

(d) Remuneration to auditors (excluding Service Tax)

` in Lakhs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
As statutory auditors	**16.00**	16.00
For other services	**3.10**	1.30
For reimbursement of expenses	**0.18**	0.10
	19.28	17.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (contd.)

(e) CSR

Pursuant to Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on 12 November, 2014 to undertake CSR projects. The CSR committee has identified, various long term projects. The Company has spent ` 50.55 lakhs on CSR activities during the year ended 31 March, 2017. (` 31.02 lakhs for the year ended 31 March, 2016).

(f) Previous Year Groupings

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	**K. Chandrasekar**
Director	Director
Mandar Vartak	**P. R. Barpande**
Director	Director
Nikhilesh Panchal	**Bhaskar Ramanasundaram**
Director	Chief Executive Officer
Harsh Vaish	**Payal Vyas**
Chief Financial Officer	Company Secretary

Mumbai, 24 April, 2017

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

Sr. No.	Particulars	Details	
	Name of the subsidiary	**Bristlecone (Singapore) Pte Ltd**	**Bristlecone GmBH**
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended 31 March, 2017	Year ended 31 March, 2017
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 = 46.42 INR	Reporting Currency: EURO Exchange Rate 1 EURO = 69.26 INR
3.	Share capital	77,521,400	32,898,500
4.	Reserves & surplus	(76,139,105)	227,074,733
5.	Total assets	10,010,519	397,279,865
6.	Total Liabilities	10,010,519	397,279,865
7.	Investments	–	–
8.	Turnover	7,822,002	803,048,128
9.	Profit before taxation	421,772	86,520,350
10.	Provision for taxation	–	20,227,667
11.	Profit after taxation	421,772	66,292,683
12.	Proposed Dividend	Nil	Nil
13.	% of shareholding	100%	100%

1. Names of subsidiaries which are yet to commence operations: **None**
2. 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

Mandar Vartak
Director

P. R. Barpande
Director

Nikhilesh Panchal
Director

Bhaskar Ramanasundaram
Chief Executive Officer

Harsh Vaish
Chief Financial Officer

Payal Vyas
Company Secretary

Mumbai, 24 April, 2017

MANAGING DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Managing Directors present their Fourteenth Report together with the audited accounts for the financial year ended 31st March, 2017

Financial Results

Particulars	**Financial year ended 31st March, 2017 (EURO)**	**Financial year ended 31st March, 2017 (INR)**	Financial year ended 31st March, 2016 (EURO)	Financial year ended 31st March, 2016 (INR)
Sales and Income from Operations	**11,732,144**	**812,568,278**	11,623,196	805,022,549
Profit before Interest, Depreciation, Taxation and Extraordinary Items	**1,262,222**	**87,421,457**	1,577,010	109,223,745
Less: Depreciation	**11,592**	**802,839**	3,869	267,967
Profit before Interest and Tax	**1,250,630**	**86,618,618**	1,573,141	108,955,778
Less: Interest	**1,419**	**98,268**	–	–
Profit before Tax	**1,249,211**	**86,520,350**	1,573,141	108,955,778
Tax on Income	**292,054**	**20,227,667**	425,697	29,483,768
Net Profit after Tax	**957,157**	**66,292,683**	1,147,444	79,472,010
Balance of Profit brought forward from last year	**2,321,427**	**160,782,050**	1,173,983	81,310,040
Profit & Loss Account Balance carried forward	**3,278,584**	**227,074,733**	2,321,427	160,782,050

Share Capital

The Company's share capital is € 475,000 (INR 32,898,500) including Capital Reserve of € 425,000 (INR 29,435,500). 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:

(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 31st March, 2017 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 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.

Management and Representative Authority

Mr. Kulashekar Raghavan, Mr. Harsh Vaish and Mr. Irfan Khan are Managing Directors of the Company. Each Managing Director of the Company represents the Company jointly with another Managing Director. Mr. Krishnadas Chillara has resigned as a Managing Director of the Company with effect from 06th August, 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
Kulashekar Raghavan
Managing Directors

Mumbai
April 19, 2017

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 March 31, 2017, 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 January 1, 2017, 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 March 31, 2017. The book keeping 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 claims and liabilities due to affiliated companies
- 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 2017.

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 March 31, 2017, 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 2016/2017, 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 March 31, 2017 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 April 1, 2016 until March 31, 2017. 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 in-corporation 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, April 19, 2017

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Post
Wirtschaftsprüfer

Annexure 1

Balance Sheet as of March 31, 2017

		2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
Assets					
A.	**Fixed assets**				
	I. Intangible assets				
	1. Software	**2,00**	**139**	2,00	139
	II. Property, plant and equipment				
	1. Other equipment, operational and office equipment	**23.906,00**	**16,55,730**	7.217,00	4,99,849
B.	**Current assets**				
	I. Accounts receivable and other assets				
	1. Accounts receivable, trade	**2.512.475,06**	**17,40,14,023**	2.305.558,33	15,96,82,970
	2. Receivables due from affiliated companies	**44.649,00**	**30,92,390**	41.860,00	28,99,223
	3. Other assets	**17.257,54**	**11,95,257**	16.873,88	11,68,685
	– thereof with a remaining term of more than one year: € 11.737,90 (Rs. 8,12,967) {(prior year: € 2.021,08 (Rs. 1,39,981)}				
		2.574.381,60	**17,83,01,670**	**2.364.292,21**	**16,37,50,878**
	II. Cash in banks	**3.124.814,04**	**21,64,24,620**	1.937.050,97	13,41,60,150
C.	**Prepaid expenses**	**12.961,41**	**8,97,707**	11.451,67	7,93,143
		5.736.065,05	**39,72,79,866**	4.320.013,85	29,92,04,159

		2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
Shareholder's equity and liabilities					
A.	**Equity**				
	I. Subscribed capital	**50.000,00**	**34,63,000**	50.000,00	34,63,000
	II. Capital reserves	**425.000,00**	**2,94,35,500**	425.000,00	2,94,35,500
	III. Profit carried forward	**2.321.427,22**	**16,07,82,050**	1.173.982,66	8,13,10,039
	IV. Net profit	**957.156,85**	**6,62,92,683**	1.147.444,56	7,94,72,010
		3.753.584.07	**25,99,73,233**	2.796.427,22	19,36,80,549
B.	**Provisions**				
	1. Tax provisions	**335.972,88**	**2,32,69,482**	440.319,13	3,04,96,504
	2. Other provisions	**297.347,36**	**2,05,94,278**	497.006,23	3,44,22,651
		633.320,24	**4,38,63,760**	937.325,36	6,49,19,155
C.	**Liabilities**				
	1. Accounts payable, trade	**5.790,99**	**4,01,084**	32.863,63	22,76,135
	– thereof with a remaining term of less than one year: € 5.790,99 (Rs. 4,01,084) {(prior year: € 32.863,63 (Rs. 22,76,135)}				
	2. Liabilities due to shareholder	**1.023.090,49**	**7,08,59,247**	528.064,66	3,65,73,758
	– thereof with a remaining term of less than one year: € 1.023.090,49 (Rs. 7,08,59,247) {(prior year: € 528.064,66 (Rs. 3,65,73,758)}				
	3. Liabilities due to affiliated companies	**316.214,60**	**2,19,01,023**	3.417,34	2,36,685
	– thereof with a remaining term of less than one year: € 316.214,60 (Rs. 2,19,01,023) {(prior year: € 3.417,34 (Rs. 2,36,685)}				
	4. Other liabilities	**4.064,66**	**2,81,519**	21.915,64	15,17,877
	– thereof with a remaining term of less than one year: € 4.064,66 (Rs. 2,81,518) {(prior year: € 21.915,64 (Rs. 15,17,877)}				
	– thereof for taxes: € 0,00 (Rs. 0.00) {(prior year: € 17.621,54 (Rs. 12,20,468)}				
		1.349.160,74	**9,34,42,873**	586.261,27	4,06,04,455
		5.736.065,05	**39,72,79,866**	4.320.013,85	29,92,04,159

Annexure 2

Income Statement for the Period April 1, 2016 through March 31, 2017

		2016/4/1 – 2017/3/31		**2016/4/1 – 2017/3/31**		2015/4/1 – 2016/3/31		2015/4/1 – 2016/3/31	
		€	**€**	**Rs.**	**Rs.**	€	€	Rs.	Rs.
1.	Sales		**11.594.688,53**		**80,30,48,128**		11.553.958,70		80,02,27,180
2.	Other operating income		**137.455,24**		**95,20,150**		69.237,21		47,95,369
	– thereof from foreign currency translation: € 64.404,41 (Rs. 44,60,650) {(prior year: € 38.771,36) (Rs. 26,85,305)}								
3.	Costs of purchased services		**9.280.856,47**		**64,27,92,120**		8.879.862,20		61,50,19,256
4.	Personnel expenses								
	a) Wages and Salaries	**718.433,27**		**4,97,58,688**		730.063,79		5,05,64,218	
	b) Social security, pension and other benefit costs	**86.139,31**		**59,66,009**		46.253,58		32,03,523	
			804.572,58		**5,57,24,697**		776.317,37		5,37,67,741
5.	Depreciation on intangible assets, plant and equipment		**11.591,67**		**8,02,839**		3.869,00		2,67,967
6.	Other operating expenses		**384.426,09**		**2,66,25,351**		390.005,87		2,70,11,807
	– thereof from foreign currency translation: € 11.232,74 (Rs. 7,77,980) {(prior year: € 100.700,68) (Rs. 69,74,530)}								
7.	Other interest and similar expenses		**1.418,84**		**98,268**		0,00		0.00
8.	Taxes on income		**292.054,10**		**2,02,27,667**		425.696,91		2,94,83,768
	– thereof deferred taxes: € -9.142,20 (Rs. -6,33,189) {(prior year: € 4.583,86) (Rs. 3,17,479)}								
9.	**Profit after taxes on income**		**957.224,02**		**6,62,97,336**		1.147.444,56		7,94,72,010
10.	Other taxes		67,17		4,652		0,00		0.00
11.	**Net profit**		**957.156,85**		**6,62,92,683**		1.147.444,56		7,94,72,010

Annexure 3

Notes to the financial statements for the fiscal year from 1st April, 2016 to 31st March, 2017

I. GENERAL EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT

Bristlecone GmbH, Frankfurt am Main (referred to below as the "Company"), has its seat in Frankfurt am Main and has been registered in the trade register at the local court in Frankfurt am Main in department B, with number 58387.

The financial statements of the Company for the fiscal year ended March 31, 2017 have been prepared according to the Sect. 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant Sections of the Law on Limited Liability Companies (GmbHG).

The income statement is structured towards the cost-summary method 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.

Tangible assets are stated at acquisition- or production cost and, if utilizable, depreciated through the useful life.

Depreciation on additions to tangible assets is calculated pro rata temporis.

Low value items according to Sect. 6 para. 2 Income Tax Act (EStG) are fully depreciated in the year of acquisition.

Depreciation takes place as follows:

Item	Depreciation method	Useful lifetime
Software	straight line	1 - 3 years
Other equipment, operational and office equipment	straight line	3 - 13 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

Tax provisions and provisions for uncertain liabilities are stated with the amount of fulfillment based on reasonable business judgement and cover all identifiable risks.

4. Liabilities

Liabilities are stated at the fulfillment amount.

5. Deferred taxes

According to Sect. 274 German Commercial Code (HGB) deferred tax assets and liabilities based on temporary differences between the carrying amount and the tax base resulting from differences in accounting and valuation methods are offset in the balance sheet. Deferred taxes were set up accord-ing to § 249 HGB and are stated within the tax provisions.

6. Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are evaluated with the exchange rate at the business transaction date.

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 of cost or market value.

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€ 297 (Rs. 20,570) mainly represent provisions for outstanding invoices (K€ 172) (Rs. 11,913), provisions for personnel expenses (K€ 113) (Rs. 7,826) as well as provisions for the audit of the financial statements (K€ 9) (Rs. 623) and for legal and advisory fees (K€ 3) (Rs. 208).

3. 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. Affiliated companies

Companies which are directly or indirectly controlled by Mahindra & Mahindra Ltd., Mumbai, India, are considered as affiliated companies.

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. Financial commitments

Substantial financial commitments which are not stated in provisions, liabilities or contingent liabilities, exist of the following commitments from a rental and lease agreements:

	Total amount K€	Total amount K Rs.
Office premises	74	5,125
Vehicles	65	4,501
	139	9,626

The payments refer to the following years:

	Total amount K€	Total amount K Rs.
2017 / 2018	65	4,501
2018 / 2019	63	4,363
2019 / 2020	11	762
	139	9,626

4. Management and representative authority

The managing directors of the Company during the fiscal year were the following:

- Kulashekar Raghavan, Los Gatos, California / USA
- Krishnadas Chillara, Mumbai / India (until August 6, 2016)
- Harsh Vaish, Pune / India
- Irfan Khan, Los Altos Hills, California / USA (as of April 9, 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). Harsh Vaish and Irfan Khan have single power of representation.

With shareholder's meeting as of April 9, 2016 Irfan Khan has been appointed as managing director of the Company. The registration

at the Commercial Register took place on May 10, 2016. With shareholder's meeting as of August 6, 2016 Krishnadas Chillara has been recalled as managing director. The registration at the Commercial Register took place on September 21, 2016.

5. Headcount

During the fiscal year the Company employed an average of 7 employees (prior year: 5 employees).

6. 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.

7. Supplementary report

No important issues or transaction with a substantial influence on the net assets, financial position or net result have occurred after the closing of the financial year.

8. Disposition of earnings

The management proposes to carry forward the net income for the year amounting to € 957.156,85 (Rs. 6,62,92,683) together with the retained earnings as of April 1, 2016 amounting to € 2.321.427,22 (Rs. 16,07,82,049) to new account.

9. Translation into Indian Rupees

The amounts in Euros are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 69.26 (prior year: Euro 1 = Rs. 69.26), 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, 2017.

Frankfurt am Main, April 11, 2017

Kulashekar Raghavan **Irfan Khan**

Harsh Vaish

Development of fixed assets for the year ended 31st March, 2017

		At costs				Accumulated depreciation				Net book value	
		1st April, 2016	Additions	Retirements	31st March, 2017	1st April, 2016	Additions	Reversals	31st March, 2017	31st March, 2017	31st March, 2016
		€	€	€	€	€	€	€	€	€	€
I.	**Intangible assets**										
	1. Software	1.074,60	–	–	1.074,60	1.072,60	0,00	0,00	1.072,60	2,00	2,00
	Rs.	74,427	–	–	74,427	74,289	0.00	0.00	74,289	139	139
II.	**Property, plant and equipment**										
	1. Other equipment, operational and office equipment	49.652,57	28.280,67	–	77.933,24	42.435,57	11.591,67	–	54.027,24	23.906,00	7.217,00
	Rs.	34,38,937	19,58,720	–	53,97,657	29,39,088	8,02,839	–	37,41,927	16,55,730	4,99,849
		50.727,17	28.280,67	–	79.007,84	43.508,17	11.591,67	–	55.099,84	23.908,00	7.219,00
	Rs.	35,13,364	19,58,720	–	54,72,083	30,13,376	8,02,839	–	38,16,215	16,55,869	4,99,988

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 bookkeeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1, 2016 until March 31, 2017. 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 frame work 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, April 19, 2017

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Post
Wirtschaftsprüfer

Explanations to the financial statements
Balance sheet as of March 31, 2017

ASSETS

A. Fixed assets

I. Intangible assets

1. Software	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	2,00	**139**	2,00	139

II. Property, plant and equipment

1. Other equipment, operational and office equipment	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	23.906,00	**16,55,730**	7.217,00	4,99,849

B. Current assets

I. Accounts receivable and other assets

1. Accounts receivable, trade	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	2.512.475,06	**17,40,14,023**	2.305.558,33	15,96,82,970

2. Receivables due from affiliated companies	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	44.649,00	**30,92,390**	41.860,00	28,99,223

3. Other assets	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	17.257,54	**11,95,257**	16.873,88	11,68,685
Content:				
Rent deposit	**11.737,90**	**8,12,967**	2.021,08	1,39,980
Receivables due from employees	**1.725,52**	**1,19,510**	14.852,80	10,28,705
VAT	**3.794,12**	**2,62,780**	–	–
	17.257,54	**11,95,257**	16.873,88	11,68,685

II. Cash in banks

	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	3.124.814,04	**21,64,24,620**	1.937.050,97	13,41,60,150
Content:				
Commerzbank AG, Frankfurt am Main, current account	**3.030.375,53**	**20,98,83,809**	882.136,61	6,10,96,782
Commerzbank AG, Frankfurt am Main, currency account USD	**94.438,51**	**65,40,811**	1.054.914,36	7,30,63,368
	3.124.814,04	**21,64,24,620**	1.937.050,97	13,41,60,150

The cash in bank accounts with Commerzbank AG, Frankfurt am Main, agree to the bank statements as of March 31, 2017.

C. Prepaid expenses

	2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
	12.961,41	**8,97,707**	11.451,67	7,93,143

SHAREHOLDER'S EQUITY AND LIABILITIES

A. Equity

I. Subscribed capital

2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
50.000,00	**34,63,000**	50.000,00	34,63,000

II. Capital reserves

2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
425.000,00	**2,94,35,500**	425.000,00	2,94,35,500

III. Profit carried forward

2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
2.321.427,22	**16,07,82,050**	1.173.982,66	8,13,10,039

IV. Net profit

2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
957.156,85	**6,62,92,683**	1.147.444,56	7,94,72,010

B. Provisions

1. Tax provisions

2017/3/31 €	2017/3/31 Rs.	2016/3/31 €	2016/3/31 Rs.
335.972,88	**2,32,69,482**	440.319,13	3,04,96,504

Content:

Corp. income tax 14/15	**75,00**	**5,195**	50.495,20	34,97,298
Corp. income tax 15/16	**139.169,54**	**96,38,882**	189.590,54	1,31,31,040
Corp. income tax 16/17	**56.072,00**	**38,83,547**	–	–
	195.316,54	**1,35,27,624**	240.085,74	1,66,28,338
Solidarity surcharge 14/15	**4,13**	**2.86**	2.777,18	1,92,347
Solidarity surcharge 15/16	**7.654,33**	**5,30,139**	10.427,48	7,22,208
Solidarity surcharge 16/17	**3.083,95**	**2,13,594**	–	–
	10.742,41	**7,44,019**	13.204,66	9,14,555
Trade tax 14/15	**42,70**	**2,958**	50.506,70	34,98,095
Trade tax 15/16	**86.055,03**	**59,60,171**	136.522,03	94,55,516
Trade tax 16/17	**34.674,00**	**24,01,521**	–	–
	120.771,73	**83,64,650**	187.028,73	1,29,53,611
Deferred taxes 16/17	**9.142,20**	**6,33,189**	–	–
	9.142,20	**6,33,189**	–	–
	335.972,88	**2,32,69,482**	440.319,13	3,04,96,504

2. Other provisions	**2017/3/31** €	**2017/3/31** **Rs.**	2016/3/31 €	2016/3/31 Rs.
	297.347,36	**2,05,94,278**	497.006,23	3,44,22,651
Content:				
Outstanding invoices	**191.979,23**	**1,32,96,481**	318.998,40	2,20,93,829
Bonuses to employees	**61.831,00**	**42,82,415**	69.572,00	48,18,557
Travel expenses	**4.350,00**	**3,01,281**	1.150,00	79,649
Vacation not yet taken	**26.787,13**	**18,55,277**	92.785,83	64,26,346
Audit expenses	**9.000,00**	**6,23,340**	9.000,00	6,23,340
Legal/consultancy fees	**3.400,00**	**2,35,484**	3.900,00	2,70,114
Miscellaneous	**–**	**–**	1.600,00	1,10,816
	297.347,36	**2,05,94,278**	497.006,23	3,44,22,651

C. Liabilities

1. Accounts payable, trade	**2017/3/31** €	**2017/3/31** **Rs.**	2016/3/31 €	2016/3/31 Rs.
	5.790,99	**4,01,084**	32.863,63	22,76,135

2. Liabilities due to shareholder	**2017/3/31** €	**2017/3/31** **Rs.**	2016/3/31 €	2016/3/31 Rs.
	1.023.090,49	**7,08,59,247**	528.064,66	3,65,73,758

Bristlecone India Ltd., Mumbai, India: liabilities resulting from current operations.

3. Liabilities due to affiliated companies	**2017/3/31** €	**2017/3/31** **Rs.**	2016/3/31 €	2016/3/31 Rs.
	316.214,60	**2,19,01,023**	3.417,34	2,36,685

4. Other liabilities	**2017/3/31** €	**2017/3/31** **Rs.**	2016/3/31 €	2016/3/31 Rs.
	4.064,66	**2,81,519**	21.915,64	15,17,877
Content:				
Value-added tax	**–**	**–**	17.621,54	12,20,468
Other liabilities	**–**	**–**	4.294,10	2,97,409
Travel expenses	**4.064,66**	**2,81,519**	0,00	0.00
	4.064,66	**2,81,519**	21.915,64	15,17,877

INCOME STATEMENT FOR THE PERIOD APRIL 1, 2016 THROUGH MARCH 31, 2017

		2016/4/1-2017/3/31 €	**2016/4/1-2017/3/31 Rs.**	2015/4/1-2016/3/31 €	2015/4/1-2016/3/31 Rs.
1.	**Sales**				
	Revenue offshore projects	**11.280.647,97**	**78,12,97,679**	11.096.311,03	76,85,30,502
	Revenue other projects	**419.555,56**	**2,90,58,418**	555.187,67	3,84,52,298
	Rebates	**(105.515,00)**	**(73,07,969)**	(97.540,00)	(67,55,620)
		11.594.688,53	**80,30,48,128**	11.553.958,70	80,02,27,180
2.	**Other operating income**				
	Income from exchange gains	**78.485,66**	**54,35,917**	38.771,36	26,85,305
	Non-cash payment for use of vehicles	**6.470,88**	**4,48,173**	1.078,49	74,696
	Income from reversal of accruals	**52.498,70**	**36,36,060**	27.467,36	19,02,389
	Miscellaneous	**–**	**–**	1.920,00	1,32,979
		137.455,24	**95,20,150**	69.237,21	47,95,369
3.	**Costs of purchased services**	**9.280.856,47**	**64,27,92,120**	8.879.862,20	61,50,19,256
4.	**Personnel expenses**				
	a) Wages and salaries	**718.433,27**	**4,97,58,688**	730.063,79	5,05,64,218
	b) Social security, pension and other benefit costs	**86.139,31**	**59,66,009**	46.253,58	32,03,523
		804.572,58	**5,57,24,697**	776.317,37	5,37,67,741
5.	**Depreciation on intangible assets, plant and equipment**	**11.591,67**	**8,02,839**	3.869,00	2,67,967
6.	**Other operating expenses**				
	Exchange losses	**11.232,74**	**7,77,981**	100.700,68	69,74,530
	Travel expenses	**110.562,60**	**76,57,566**	97.177,80	67,30,534
	Automobile costs	**21.452,60**	**14,85,807**	5.927,43	4,10,534
	Employee research	**17.200.00**	**11,91,272**	–	–
	Communication expenses	**38.147,22**	**26,42,076**	46.239,46	32,02,545
	Postage	**1.477,74**	**1,02,348**	760,06	52,642
		200.072,90	**1,38,57,050**	250.805,43	1,73,70,785

	2016/4/1-2017/3/31 €	**2016/4/1-2017/3/31 Rs.**	2015/4/1-2016/3/31 €	2015/4/1-2016/3/31 Rs.
	200.072,90	**1,38,57,050**	250.805,43	1,73,70,785
Fees for the preparation and audit of the financial statements	**22.305,35**	**15,44,869**	20.000,00	13,85,200
Accounting fees	**35.708,03**	**24,73,138**	45.148,26	31,26,968
Bank charges	**10.306,31**	**7,13,815**	12.296,09	8,51,627
Rent	**36.264,24**	**25,11,661**	12.126,48	8,39,880
Legal and consultancy fees	**26.548,77**	**18,38,768**	28.440,38	19,69,781
Representation and entertainment expenses	**19.205,43**	**13,30,168**	9.467,03	6,55,686
External services	**798,33**	**55,292**	1.285,52	89,035
Other costs for office space	**14.951,10**	**10,35,513**	5.138,05	3,55,861
Contributions and dues	**1.210,48**	**83,838**	1.579,19	1,09,375
Insurance premiums	**3.869,90**	**2,68,029**	–	–
Training costs	**8.548,00**	**5,92,034**	3.200,00	2,21,632
Repair and maintenance costs	**2.439,43**	**1,68,955**	134,55	9,319
Operating supplies	**852,32**	**59,032**	96,00	6,649
Office supplies	**1.345,50**	**93,189**	288,89	20,009
	384.426,09	**2,66,25,351**	390.005,87	2,70,11,807
7. Other interest and similar expenses	**1.418,84**	**98,268**	–	–
8. Taxes on income	**292.054,10**	**2,02,27,667**	425.696,91	2,94,83,768
9. Profit after taxes on income	**957.224,02**	**6,62,97,336**	1.147.444,56	7,94,72,010
10. Other taxes	**67,17**	**4,652**	–	–
11. Net profit	**957.156,85**	**6,62,92,683**	1.147.444,56	7,94,72,010

STATEMENT BY DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors present their statement to the shareholder together with the audited financial statements for the financial year ended 31 March 2017.

In the opinion of the directors,

(a) the financial statements as set out on pages herein are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and

(b) 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 in office at the date of this statement are as follows:

Lim Tiong Beng	
Harsh Vaish	
Krishnadas Chillara	(Resigned on 30 June 2016)
Irfan Ahmad Khan	(Appointed on 22 February 2017)
Kulashekar Raghavan	(Appointed on 22 February 2017)

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

(a) 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:

	Holdings registered in name of director or nominee	
	As at 31.3.2017	As at 1.4.2016
Ultimate holding corporation – Mahindra & Mahindra Ltd		
(Equity Shares)		
Kulashekar Raghavan	7,260	–
Related corporation– Mahindra & Mahindra Financial Services Ltd.		
(Equity Shares)		
Kulashekar Raghavan	180	–

(b) 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.

	Holdings registered in name of director or nominee	
	As at 31.3.2017	As at 1.4.2016
Penultimate holding corporation– Bristlecone Ltd. Cayman Islands		
(Equity Shares)		
Irfan Ahmad Khan	388,081	–
Kulashekar Raghavan	125,000	–
(Stock Options)		
Harsh Vaish	20,000	20,000
Irfan Ahmad Khan	416,667	–
Kulashekar Raghavan	60,000	–

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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.

On behalf of the Directors

Kulashekar Raghavan Director

Harsh Vaish Director

Place: Mumbai
Date: 21 April 2017

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BRISTLECONE (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2017, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
21 April 2017

BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017	2017	2016	2016
		$	INR	$	INR
ASSETS					
Current assets					
Cash at bank	4	**51,228**	**2,378,007**	9,363	434,630
Trade and other receivables	5	**159,786**	**7,417,272**	11,684	542,372
Other current assets	6	**4,637**	**215,254**	4,703	218,313
Total assets		**215,651**	**10,010,533**	25,750	1,195,315
LIABILITIES					
Current liabilities					
Trade and other payables	7	**185,873**	**8,628,207**	5,058	234,793
Total liabilities		**185,873**	**8,628,207**	5,058	234,793
NET ASSETS		**29,778**	**1,382,326**	20,692	960,522
EQUITY					
Share capital	8	**1,670,000**	**77,521,400**	1,670,000	77,521,400
Accumulated losses		**(1,640,222)**	**(76,139,074)**	(1,649,308)	(76,560,878)
		29,778	**1,382,326**	20,692	960,522

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017	2017	2016	2016
		$	INR	$	INR
Revenue	9	**168,505**	**7,822,001**	33,765	1,567,371
Cost of sales		**(32,335)**	**(1,500,999)**	(29,653)	(1,376,492)
Gross profit		**136,170**	**6,321,002**	4,112	190,879
Other Income	14	**50,000**	**2,321,000**	–	–
Other loss, net	10	**(3,342)**	**(155,127)**	–	–
Expenses					
- Selling and marketing		**(3,974)**	**(184,482)**	(4,012)	(186,237)
- Administrative		**(168,550)**	**(7,824,070)**	(28,733)	(1,333,786)
- Finance	14	**(1,218)**	**(56,519)**	–	–
Profit/(loss) before income tax		**9,086**	**421,804**	(28,633)	(1,329,144)
Income tax expense	13	**–**	**–**	–	–
Total comprehensive income/(loss), representing net profit/(loss)		**9,086**	**421,804**	(28,633)	(1,329,144)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Share capital		Accumulated losses		Total	
	$	**INR**	**$**	**INR**	**$**	**INR**
2017						
Beginning of financial year	**1,670,000**	**77,521,400**	**(1,649,308)**	**(76,560,878)**	**20,692**	**960,522**
Total comprehensive income for the financial year	**–**	**–**	**9,086**	**421,804**	**9,086**	**421,804**
End of financial year	**1,670,000**	**77,521,400**	**(1,640,222)**	**(76,139,074)**	**29,778**	**1,382,326**
2016						
Beginning of financial year	1,670,000	77,521,400	(1,620,675)	(75,231,734)	49,325	2,289,667
Total comprehensive loss for the financial year	–	–	(28,633)	(1,329,144)	(28,633)	(1,329,144)
End of financial year	1,670,000	77,521,400	(1,649,308)	(76,560,878)	20,692	960,523

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Cash flows from operating activities				
Profit/(loss) before income tax	**9,086**	**421,804**	(28,633)	(1,329,144)
Adjustments for:				
Unrealised foreign exchange loss	**3,450**	**160,149**	–	–
Interest expense	**1,218**	**56,519**	–	–
	13,754	**638,472**	(28,633)	(1,329,144)
Change in working capital				
– Trade and other receivables	**(151,552)**	**(7,035,044)**	(11,684)	(542,371)
– Other current assets	**66**	**3,058**	(1)	(46)
– Trade and other payables	**42,360**	**1,966,353**	(10,397)	(482,629)
Net cash used in operating activities	**(95,372)**	**(4,427,161)**	(50,715)	(2,354,190)
Cash flows from financing activities				
– Amount due to related corporation	**137,237**	**6,370,538**	–	–
Net cash provided by financing activities	**137,237**	**6,370,538**	–	–
Net increase/(decrease) in cash at bank	**41,865**	**1,943,377**	(50,715)	(2,354,190)
Cash at bank				
Beginning of financial year	**9,363**	**434,630**	60,078	2,788,820
End of financial year	**51,228**	**2,378,007**	9,363	434,630

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors of Bristlecone (Singapore) Pte. Ltd. on 21 April 2017.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. The registered office is at 77, Robinson Road, #13-00, Robinson 77, Singapore 068896 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 2016

On 1 April 2016, 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 Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Loans and receivables

Trade and other receivables, banks balances and other current assets are initially recognised at 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.

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 end of reporting period;
- 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.

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.

2.6 Leases

When the Company is the lessee – Operating lease

The Company leases 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.

Contingent rents are recognised as an expense in profit or loss when incurred.

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 at bank

For the purpose of presentation in the statement of cash flows, cash at bank 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.

(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 loss, net".

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 a year. 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.

If the net present values of estimated cash flows decrease by 10% from management's estimates for all past due but not impaired loans and receivables, the Company's allowance for impairment would have increased by $2,400 INR 111,408 (2016: nil).

The carrying amounts of trade receivables is disclosed in Note 5 to the financial statements.

4. CASH AT BANK

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Cash at bank	**51,228**	**2,378,007**	9,363	434,630

5. TRADE AND OTHER RECEIVABLES

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Trade receivables				
– related corporation	**–**	**–**	347	16,108
– non-related parties	**109,237**	**5,070,777**	–	–
Accrued revenue				
– related corporation	**–**	**–**	11,337	526,264
– non-related parties	**549**	**25,495**	–	–
Other receivable – immediate holding corporation (Note 14)	**50,000**	**2,321,000**	–	–
	159,786	**7,417,272**	11,684	542,372

6. OTHER CURRENT ASSETS

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Deposits	**3,196**	**148,358**	3,196	148,358
Prepayments	**1,441**	**66,896**	1,507	69,955
	4,637	**215,254**	4,703	218,313

7. TRADE AND OTHER PAYABLES

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Trade payable				
– immediate holding corporation	**30,744**	**1,427,138**	–	–
– related corporation	**1,277**	**59,255**	–	–
Loan payable				
– related corporation	**139,700**	**6,484,864**	–	–
Other payable				
– related corporation (Note 14)	**1,722**	**79,935**	–	–
Accrued operating expenses	**12,430**	**577,015**	5,058	234,793
	185,873	**8,628,207**	5,058	234,793

Loan payable to related corporation are unsecured, repayable on demand and interest-bearing at a rate of 2.35% per annum (Note 14).

8. SHARE CAPITAL

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The Company's share capital comprise fully paid-up 1,670,000 (2016: 1,670,000) ordinary shares with no par value, amounting to a total of $1,670,000 INR 77,521,400 (2016: $1,670,000 INR 77,521,400).

Fully paid ordinary share carry one vote per share and carry a right to dividends as and when declared by the Company.

9. REVENUE

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Rendering of service	**168,505**	**7,822,001**	33,765	1,567,371

10. OTHER LOSS, NET

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Currency translation loss, net	**3,342**	**155,127**	–	–

11. EXPENSES BY NATURE

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Employee compensation (Note 12)	**132,000**	**6,127,440**	34,985	1,624,004
Professional and consulting fee	**18,980**	**881,052**	18,253	847,304
Rental expense on operating lease	**3,826**	**177,603**	3,826	177,603
Management fees	**1,721**	**79,889**	–	–
Subcontractor cost	**29,719**	**1,379,556**	–	–

12. EMPLOYEE COMPENSATION

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Salaries, bonus and allowances	**130,000**	**6,034,600**	29,005	1,346,412
Directors' fees	**2,000**	**92,840**	2,000	92,840
Other short-term benefits	**–**	**–**	3,980	184,752
	132,000	**6,127,440**	34,985	1,624,004

13. INCOME TAX EXPENSE

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Profit/(loss) before income tax	**9,086**	**421,804**	(28,633)	(1,329,144)
Tax calculated at a tax rate of 17% (2016: 17%)	**1,545**	**71,701**	(4,867)	(225,926)
Expenses not deductible for tax purposes	**1,889**	**87,687**	116	5,385
Effects of unrecognised deferred tax benefits	**–**	**–**	4,751	220,541
Utilisation of tax losses not recognised previously	**(3,434)**	**(159,406)**	–	–
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 $1,495,375 INR 69,415,308 (2016: $1,544,365 INR 71,689,423) at the balance sheet date which can be carried forward and used to offset against future income subject to the agreement of the tax authorities and compliance with certain statutory requirements. The tax losses have no expiry date.

14. 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:

	2017	**2017**	2016	2016
	$	**INR**	$	INR
(a) Sales and purchases of services				
Rendering of services				
Immediate holding corporation				
Marketing fees	**50,000**	**2,321,000**	–	–
Related corporation				
Consultation fees	**57,732**	**2,679,919**	33,765	1,567,371
Purchase of services				
Immediate holding corporation				
Subcontractor fees	**29,719**	**1,379,556**	–	–
Related corporation				
Management fees	**1,722**	**79,935**	–	–
Accrued interest (Note 7)	**1,218**	**56,519**	–	–

Related parties comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close family members.

Outstanding balances as at 31 March 2017 and 2016, arising from sales and purchases of 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 four directors, other than Mr Lim Tiong Beng (Note 12), remuneration for one of them is paid by its immediate holding corporation and another two are paid by a related corporation.

15. COMMITMENT

The future minimum lease payable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Not later than one year	**3,826**	**177,603**	3,826	177,603

16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk (including currency risk, interest rate and price 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 is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Company to which they relate. The currency giving rise to this risk is mainly the United States Dollar ("USD"). Foreign exchange exposures in transactional currencies other than functional currency of the Company are kept to an acceptable level.

The Company's currency exposure based on the information provided to the board of directors is as follows:

	SGD	**USD**	**Total**	**Total**
	$	**$**	**$**	**INR**
2017				
Financial Assets				
Cash at bank	**51,228**	**–**	**51,228**	**2,378,007**
Trade and other receivables	**50,000**	**109,786**	**159,786**	**7,417,266**
Other current assets	**3,196**	**–**	**3,196**	**148,358**
	104,424	**109,786**	**214,210**	**9,943,631**
Financial Liabilities				
Trade and other payables	**48,636**	**137,237**	**185,873**	**8,628,207**
	48,636	**137,237**	**185,873**	**8,628,207**
Currency exposure of financial assets/ (liabilities)	**–**	**(27,451)**	**(27,451)**	**(1,274,275)**

2016

The Company's business operations is not exposed to significant foreign currency risks as it has no significant transaction denominated in foreign currencies.

If the USD change against the SGD by 5% with all other variables including tax rate being held constant, the effects arising from net financial liabilities/ assets position will be as follows:

	Increase/(Decrease) 2017		**Increase/(Decrease) 2017**	
	Net profit	**Equity**	**Net profit**	**Equity**
	$	**$**	**INR**	**INR**
USD against SGD				
– strengthened	**(1,372)**	**(1,372)**	**(63,688)**	**(63,688)**
– weakened	**1,372**	**1,372**	**63,688**	**63,688**

(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 counterparty will default on its contractual obligations resulting in financial loss to the Company. The major class of financial assets of the Company is cash at bank and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

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.

The trade receivables of the Company comprise two debtors (2016: one debtor) that represented 98% (2016: 97%) of trade receivables.

(i) Financial assets that are neither past due nor impaired nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/ or impaired except for trade receivables. The age analysis of trade receivables past due but not impaired is as follows:

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Past due 1 to 30 days	**24,354**	**1,130,513**	–	–

The normal trade credit terms granted to customers ranged from 30 to 60 days (2016: 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.

(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 2017 and 2016.

(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 2016.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2017 and 2016.

(e) 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:

	2017	**2017**	2016	2016
	$	**INR**	$	INR
Loans and receivables	**214,210**	**9,943,628**	24,243	1,125,360
Financial liabilities at amortised cost	**185,873**	**8,628,207**	5,058	234,793

17. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Company's accounting periods beginning on or after 1 January 2017 or later periods:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 *Disclosure Initiative*
- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112 Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 40 *Transfers of Investment Property*
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*
- Improvements to FRSs (December 2016)
  - Amendments to FRS 28 Investments in Associates and Joint Ventures
  - Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption except for the following:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018).

  This is the converged standard on revenue recognition. It replaces FRS11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises 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.

  An entity recognises revenue in accordance with that core principle by applying the following steps:
  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  At this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements. The Company will make more detailed assessment of the impact over the next twelve months.

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  The Company does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Company's accounting for financial liabilities as the Company does not have any such liabilities.

  In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each balance sheet date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

  Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial asset. Management will consider whether a lifetime or 12-month expected credit losses on financial assets should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company's financial statements in the period of initial application as management has yet to complete its detailed assessment.

18. TRANSLATION INTO INDIAN RUPEES

Amounts are translated for convenience into Indian Rupees at the exchange Rate of INR 46.42 = 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 2017 Comparative figures are also translated at this Rate.

DIRECTORS' REPORT

The Directors submit their report along with the audited financial statements of Bristlecone Middle East DMCC (the "Company") for the period from July 18, 2016 (incorporation date) to March 31, 2017.

1. Review of activities

Main business and operations

The Company is mainly engaged in providing technology solutions and consultancy services. The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementation.

The operating results and financial position of the Company are fully set out in the attached financial statements. Revenues from Operations for the year ended March 31, 2017 was 1,817,275 (INR 32,074,904). The Company reported a net profit of AED 755,124 (INR 13,327,938) for the period ended March 31, 2017.

2. Directors

The Directors of the Company during the period and to the date of this report are as follows:

- Mr. Irfan Khan; and
- Mr. Kulashekar Raghavan.

3. Auditors

Grant Thornton were appointed as auditors of the Company for the period ended March 31, 2017. The Directors have proposed their appointment as auditors of the Company for the year ending March 31, 2018.

These financial statements as at March 31, 2017 were approved by the Board of Directors on May 2, 2017 and were signed on their behalf by:

Mr. Irfan Khan
Director

Mr. Kulashekar Raghavan
Director

Date :- May 2, 2017
Place :- San Jose, CA

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF BRISTLECONE MIDDLE EAST DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone Middle East DMCC (the "Company"), which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at the end of reporting period, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Implementing Regulation No. 1/03 of Dubai Multi Commodities Centre Regulations 2003, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Implementing Regulation No. 1/03 of Dubai Multi Commodities Centre Regulations 2003, we also confirm that we have obtained all the information and explanations necessary for our audit and proper books of account have been kept by the Company. To the best of our knowledge and belief, no violations of the above mentioned Law or of the Articles of Association of the Company have occurred during the period which would have had a material effect on the business of the Company or on its financial position.

GRANT THORNTON

Farouk Mohamed
Registration No. 86

Dubai, May 02, 2017

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	Notes	2017 AED	2017 INR
ASSETS			
Current			
Trade and other receivables	5	**1,690,523**	**29,837,731**
Cash and cash equivalents	6	**142,482**	**2,514,807**
		1,833,005	**32,352,538**
TOTAL ASSETS		**1,833,005**	**32,352,538**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**50,000**	**882,500**
Retained earnings		**755,124**	**13,327,939**
Total equity		**805,124**	**14,210,439**
LIABILITIES			
Non-current			
Employees' end of service benefits	8	**7,583**	**133,840**
Current			
Loan from Parent Company	9	**202,964**	**3,582,315**
Trade and other payables	10	**817,334**	**14,425,944**
		1,020,298	**18,008,259**
Total liabilities		**1,027,881**	**18,142,099**
TOTAL EQUITY AND LIABILITIES		**1,833,005**	**32,352,538**

These financial statements for the period ended March 31, 2017 were approved by the Board of Directors on May 02, 2017 and were signed by:

Mr. Irfan Khan
Mr. Kulashekar Raghavan } Directors

Place: Dubai
Date: May 02, 2017

Place: Dubai
Date: May 02, 2017

The accompanying notes from 1 to 16 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2017

	Notes	For the period from July 18, 2016 to March 31, 2017 AED	For the period from July 18, 2016 to March 31, 2017 INR
Revenue		**1,817,275**	**32,074,904**
Cost of sales	11	**(947,377)**	**(16,721,204)**
GROSS PROFIT		**869,898**	**15,353,700**
Selling, administrative and general expenses	12	**(111,810)**	**(1,973,447)**
Finance costs	9	**(2,964)**	**(52,315)**
NET PROFIT FOR THE PERIOD		**755,124**	**13,327,938**
Other comprehensive income for the period		**–**	**–**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**755,124**	**13,327,938**

Mr. Irfan Khan
Mr. Kulashekar Raghavan } Directors

Place: Dubai
Date: May 02, 2017

Place: Dubai
Date: May 02, 2017

The accompanying notes from 1 to 16 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017

	Share capital	Retained earnings	Total equity
	AED	AED	AED
Balance at July 18, 2016	–	–	–
Capital introduced	**50,000**	–	**50,000**
Net profit for the period	–	**755,124**	**755,124**
Balance at March 31, 2017	**50,000**	**755,124**	**805,124**

	Share capital	Retained earnings	Total equity
	INR	INR	INR
Balance at July 18, 2016	–	–	–
Capital introduced	**882,500**	–	**882,500**
Net profit for the period	–	**13,327,938**	**13,327,938**
Balance at March 31, 2017	**882,500**	**13,327,938**	**14,210,438**

Mr. Irfan Khan
Mr. Kulashekar Raghavan } Directors

Place: Dubai
Date: May 02, 2017

Place: Dubai
Date: May 02, 2017

The accompanying notes from 1 to 16 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2017

	Notes	For the period from July 18, 2016 to March 31, 2017 AED	For the period from July 18, 2016 to March 31, 2017 INR
OPERATING ACTIVITIES			
Net profit for the period		**755,124**	**13,327,938**
Adjustment for non-cash items:			
Provision for employees' end of service benefits	8	**7,583**	**133,840**
Finance costs	9	**2,964**	**52,315**
Net changes in working capital:			
Trade and other receivables		**(1,690,523)**	**(29,837,731)**
Trade and other payables		**817,334**	**14,425,944**
Net cash used in operating activities		**(107,518)**	**(1,897,694)**
FINANCING ACTIVITIES			
Loan from Parent Company	9	**200,000**	**3,530,000**
Share capital introduced	7	**50,000**	**882,500**
Net cash from financing activities		**250,000**	**4,412,500**
Net change in cash and cash equivalents		**142,482**	**2,514,807**
Cash and cash equivalents, beginning of period		**–**	**–**
Cash and cash equivalents, end of period	6	**142,482**	**2,514,807**

Mr. Irfan Khan
Mr. Kulashekar Raghavan } Directors

Place: Dubai
Date: May 02, 2017

Place: Dubai
Date: May 02, 2017

The accompanying notes from 1 to 16 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1 Legal status and nature of operations

Bristlecone Middle East DMCC (the "Company") is incorporated in Dubai, United Arab Emirates ("UAE") on July 18, 2016 under the commercial license number DMCC-208734 issued by Dubai Multi Commodities Centre. The registered address of the Company is Unit No. 3O-01-3572, DMCC Business Center, Level No. 1, Jewellery & Gemplex 3, Dubai, UAE.

The principal activities of the Company is to provide technology solutions and consultancy services.

The Company is a wholly owned subsidiary of Bristlecone Limited (the "Parent Company"), a company incorporated in Cayman Islands.

These are the first financial statements of the Company and cover a period of 9 months starting from July 18, 2016 to March 31, 2017, hence no comparatives are presented.

2 Statement of compliance

These 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).

3 Standards, interpretations and amendments to existing standards

Impact of New Standards

There are no new or amended standards or interpretations adopted during the period that have a significant impact on the financial statements.

Standards issued but not yet effective

The following significant pronouncements from the IASB have been issued and will become effective for future financial reporting periods and have not yet been adopted by the Company.

a) The IASB issued IFRS 15 'Revenue from Contracts with Customers', which provides a single model for accounting for revenue arising from contracts with customers and is effective for annual periods beginning on or after January 1, 2018. IFRS 15 will supersede IAS 18 'Revenue'.

b) The IASB has issued IFRS 9 'Financial Instruments', which will supersede IAS 39 'Financial Instruments: Recognition and Measurement' and is effective for annual periods beginning on or after January 1, 2018. IFRS 9 covers classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting.

c) The IASB issued IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied

There are no other standards and interpretations issued but not yet adopted that the management anticipates will have a material effect on the reported income or net assets of the Company.

The management has yet to assess the impact of these standards on the financial statements of the Company.

4 Summary of significant accounting policies

4.1 Overall considerations

These financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional currency.

These financial statements have been prepared on a going concern basis and using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement basis are more fully described in the accounting policies below.

4.2 Foreign currency transactions

Foreign currency transactions are converted into the functional currency, 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 at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, 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 has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables upon initial recognition:

The category determines subsequent measurement and whether any resulting income and expense is recognised in the statement of comprehensive income.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which is presented within general and administrative expenses, if any.

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 bank, amounts due from related parties and trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The Company's financial liabilities include trade and most other payables, amount due to a related party and loan from Parent Company.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.5 Employees' benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) 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 when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

4.6 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings represents all current period retained profits.

4.7 Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

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. 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. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

4.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue from services performed to group companies 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.

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".

4.9 Expenses

Expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Cost of revenues comprises salaries and employee benefits, sub-contractor fees, project related travel and other costs

4.10 Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.11 Use of estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Key source of estimation uncertainty at the date of the financial statements, which may cause material adjustments to the carrying amount of assets and liabilities within the next financial year, is in respect of allowance for uncollectible amounts and efforts to completion for fixed price projects represents certain of these particularly sensitive estimates.

Allowance for uncollectible amounts

The management reviews the carrying amount of trade receivables at the end of each reporting period.

Efforts to completion for fixed price contracts

The management considers man-days to be the best possible measure of progress in these 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

5 Trade and other receivables

	2017 AED	2017 INR
Financial assets		
Trade receivables	**620,450**	**10,950,943**
Unbilled revenue	**838,083**	**14,792,165**
Due from related parties (note 9)	**208,061**	**3,672,277**
Deposits	**4,000**	**70,600**
Advance to employees	**2,000**	**35,300**
	1,672,594	**29,521,284**
Non-financial asset		
Prepayments	**17,929**	**316,447**
	1,690,523	**29,837,731**

6 Cash and cash equivalents

	2017 AED	2017 INR
Cash at bank	**142,482**	**2,514,807**

7 Share capital

The share capital of the Company consists of 50 fully paid ordinary shares with a par value of AED 1,000 each.

	2017 AED	2017 INR
Shares issued and fully paid:		
Beginning of the period	**–**	**–**
Shares issued	**50**	**50**
Total shares issued and fully paid at March 31, 2017	**50**	**50**
Total shares authorised at March 31, 2017	**50**	**50**
Total share capital (issued and fully paid at March 31, 2017, in AED)	**50,000**	**882,500**

The Company's issued share capital is held by the following shareholder:

	%	2017 AED	2017 INR
Bristlecone Limited	**100**	**50,000**	**882,500**

8 Employees' end of service benefits

	2017 AED	2017 INR
Opening balance	**–**	**–**
Charge for the period	**7,583**	**133,840**
Closing balance	**7,583**	**133,840**

9 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

The Company's related parties mainly include its shareholder, key management personnel and entities under common control.

Amounts due from a related party

	2017 AED	2017 INR
Entities under common control		
Bristlecone International AG	**208,061**	**3,672,277**

Amounts due to related parties

	2017 AED	2017 INR
Entities under common control		
Bristlecone India Limited	**601,744**	**10,620,782**
Bristlecone Limited	**18,000**	**317,700**
Bristlecone International AG	**42,229**	**745,342**
Bristlecone Inc.	**30,734**	**542,455**
	692,707	**12,226,279**

Loan from Parent Company

Bristlecone Limited	**202,964**	**3,582,315**

The loan from Parent Company is unsecured and repayable within one year. The loan carries interest at the rate of 2.35% per annum.

Transactions with related parties

Significant transactions carried out with related parties:

	For the period from July 18, 2016 to March 31, 2017 AED	For the period from July 18, 2016 to March 31, 2017 INR
Related party transactions		
Reimbursement of expenses	**158,115**	**2,825,059**
Sub-contracting charges	**577,852**	**10,199,090**
Sub-contracting income	**208,071**	**3,672,454**
Loan from Parent Company	**200,000**	**3,530,000**
Finance costs	**2,964**	**52,315**
Management fees (note 12)	**30,734**	**542,455**

Key management personnel compensation

Key management personnel of the Company are the Board of Directors of the Company. During the period, the key management personnel compensation was paid by a fellow subsidiary and was recharged to the Company as part of management fees.

10 Trade and other payables

	2017 AED	2017 INR
Financial liabilities		
Trade payables	**24,392**	**430,518**
Due to related parties (note 9)	**692,707**	**12,226,279**
Accruals and provisions	**100,235**	**1,769,147**
	817,334	**14,425,944**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

11 Cost of sales

	For the period from July 18, 2016 to March 31, 2017 AED	For the period from July 18, 2016 to March 31, 2017 INR
Salaries and other benefits	162,979	2,876,579
Sub-contracting charges	577,852	10,199,089
Travelling expenses	202,108	3,567,205
Insurance expense	4,438	78,331
	947,377	16,721,204

12 Selling, administrative and general expenses

Sales promotion expenses	42,229	745,342
Management fees (note 9)	30,734	542,455
Legal and professional fees	22,774	401,961
Rent	13,088	231,003
Bank charges	2,860	50,479
Others	125	2,207
	111,810	1,973,447

13 Contingencies and commitments

As at the year end, commitments under non-cancellable operating leases as lessee were:

	2017 AED	2017 INR
Within one year	3,912	69,047

14 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 risk management is coordinated at Group level, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial instrument risks to which the Company is exposed are described below.

14.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Company's transactions are carried out in AED, hence the risk of foreign currency risk is minimal.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Company's loan from Parent Company is at fixed agreed rates, therefore, the interest rate risk is considered minimal.

14.2 Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2017 AED	2017 INR
Trade and other receivables	1,672,594	29,521,284
Cash at banks	142,482	2,514,807
	1,815,076	32,036,091

The Company's management considers that all the above financial assets that are not impaired and the same are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash and cash equivalents is limited, since the counterparties are reputable banks with quality credit ratings.

Some of the unimpaired receivables are past due as at the reporting date. Financial assets past due but not impaired are given below:

	2017 AED	2017 INR
Not more than 3 months	161,542	2,851,214
Between 3 and 6 months	65,339	1,153,236
	226,881	4,004,450

14.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

	Less than 1 year AED	Less than 1 year INR
At March 31, 2017		
Loan from Parent Company	202,964	3,582,315
Trade and other payables	817,334	14,425,944
	1,020,298	18,008,259

15 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

16 Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders. Capital for the reporting period under review is summarised as follows:

	2017 AED	2017 INR
Equity	**805,124**	**14,210,438**
Cash and cash equivalents	**142,482**	**2,514,807**

Note: For the convenience of readers of the financial statements, all items in the statement of financial position as at March 31, 2017 and statement of comprehensive income for the year ended March 31, 2017 have been translated from the Company's reporting currency United Arab Emirates Dirham ("AED") into Indian Rupees ("INR") using the exchange rate on March 31, 2017 of AED 1 = INR 17.65. This convenience translation should not be construed as a representation that the United Arab Emirates Dirham amounts or the Indian Rupee amounts referred to have been, could have been, or could in the future be, converted into INR or AED, as the case may be, at this or at any other rate of exchange, or at all.

Mr. Irfan Khan
Mr. Kulashekar Raghavan } Directors

Place: Dubai
Date: May 02, 2017

Place: Dubai
Date: May 02, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty First Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

1) Financial Results and State of the Company's Affairs

(Amount in Rs. Lakh)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Income	**14.91**	14.48
Expenditure	**10.43**	9.01
Profit before Tax	**4.48**	5.47
Provision for current Tax	**4.18**	4.16
Deferred Tax	**(2.75)**	(2.47)
Profit for the Year	**3.05**	3.78
Profit/Loss brought forward from earlier years	**78.17**	74.39
Surplus carried to Balance Sheet	**81.22**	78.17
Net Worth	**86.22**	83.17

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are the Company's first Ind AS financial statements required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the financial year ended 31st March, 2017 till the date of this Report, which would affect the financial position of the Company.

2) Merger

Your Company and Mahindra Telecommunications Investment Private Limited are proposed to be merged with Mahindra Holdings Limited as per the resolution passed by the Board of Directors of your Company on 19th August, 2016.

Subsequent to the year end, pursuant to the directions of the National Company Law Tribunal, Mumbai Bench (NCLT) by its Order dated 20th April, 2017 a meeting of the Equity Shareholders of the Company has been convened on 23th June, 2017, for seeking approval to the aforesaid Scheme.

The said merger is subject to the approval of the members, NCLT and such other approvals as may be required.

3) Operations

During the year under review, your Company has not commenced any operations due to lack of viable business propositions.

4) Dividend and Reserves

With a view to conserve resources, your Directors do not recommend any dividend. No amount is proposed to be transferred to the general reserves of the Company out of the profits for the year.

5) Board of Directors

The Board comprises of the following directors:

Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Narayan Shankar (00109111)	Director	Non-Executive	Non-Independent
Mr. Feroze Baria (03315262)	Director	Non-Executive	Non-Independent
Mr. Akhil Kumar (02336899)	Director	Non-Executive	Non-Independent

Mr. Narayan Shankar retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

6) Number of Board Meetings

The Board of Directors held four meetings during the year under review on 18th May, 2016, 19th August, 2016, 28th November, 2016 and 22nd February, 2017.

Attendance of directors

	Mr. Narayan Shankar	Mr. Feroze Baria	Mr. Akhil Kumar
Board Meetings (four meetings)	4	4	1

7) Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, 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 31st March, 2017 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.

8) Statutory Auditors

At the 18th Annual General Meeting ('AGM') held on 21st July, 2014 Messrs V. R. Velhankar & Co., Chartered Accountants, (ICAI registration Number 30652) were appointed as Statutory Auditors, to hold office from the conclusion of that AGM till the conclusion of the 23rd AGM, as per the provisions of Section 139 of the Companies Act, 2013 subject to ratification by the members at each AGM.

Messrs. V. R. Velhankar & Co., Chartered Accountants, have given a written consent to act as the Statutory Auditors of your Company, and have also confirmed that the said ratification, if made, would be in conformity with the provisions of Sections 139 & 141 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014.

The members are requested to ratify the appointment of Statutory Auditors of the Company at the ensuing AGM and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Reporting of frauds by Statutory Auditors

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

9) Risk Management Policy

Your Company has formulated a policy for the Management of Risks 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 risks and enable the Company to manage the same, if confronted with.

10) Internal Financial Controls

Your Company has effective systems for Internal Controls with reference to financial Statements, 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. Significant issues, if any, are brought to the attention of the Board. Corrective actions, if required, are being taken up to ensure that the internal financial control system remains robust and as an effective tool.

11) 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 Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

12) 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.

13) 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.

Also, your Company has not granted loans, or provided securities, or made investments under Section 186 of the Act during the year under review.

Further, your Company has not made any loans/advances and investment which are required to be disclosed in the financial statements 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 thereto, applicable to the Parent company, Mahindra & Mahindra Limited.

14) Particulars of Transactions with Related Parties

Your Company has no contracts or arrangements with related parties referred to in sub section 1 of Section 188 during the year under review. Accordingly, the disclosure of Related Party Transactions required to be provided pursuant to section 134(3)(h) of the Companies Act, 2013, in Form AOC – 2 is not applicable.

15) 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, 2017 is attached herewith as Annexure II and forms part of this report.

16) 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.

17) 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.

18) Acknowledgements

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

For and on behalf of the Board

Narayan Shankar *Director*

Feroze Baria *Director*

Mumbai, 24th May, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy: Not applicable

(ii) The steps taken by the Company for utilizing alternate sources of energy: None

(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) 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) Expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Rs. in Lakh

	F.Y. 2016-17	F.Y. 2015-16
Total foreign exchange earned	**Nil**	Nil
Total foreign exchange used	**Nil**	Nil

For and on behalf of the Board

Narayan Shankar
Director

Feroze Baria
Director

Mumbai, 24th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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)**	:	U65190MH1996PLC100436
ii.	**Registration Date**	:	24/06/1996
iii.	**Name of the Company**	:	Gateway Housing Company Limited (Formerly known as 'Orizonte Solutions Limited')
iv.	**Category/Sub-Category of the Company**	:	Indian Non-Government Company Limited by shares
v.	**Address of the Registered office and contact details**	:	Gateway Building, Apollo Bunder, Mumbai – 400001 Contact: BADE.KIRAN@mahindra.com Tel : 022-24905619
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: The Company's operations suspended, hence, not applicable.

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	NA	NA	NA

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 Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	CIN: U65993MH2007PLC175649	Immediate Holding company	100%	S. 2 (46)
2	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	CIN: L65990MH1945PLC004558	Ultimate Holding company	–	S. 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	
A. Promoters									
(1) Indian									
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 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....	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	–	50,000	50,000	100	–	50,000	50,000	100	–
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**50,000**	**50,000**	**100**	**–**	**50,000**	**50,000**	**100**	**–**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**50,000**	**50,000**	**100**	**–**	**50,000**	**50,000**	**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 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 Holdings Limited	49,994	99.99	–	49,994	99.99	–	–
2.	Mahindra Holdings Limited Jt. With Mr. Zhooben Bhiwandiwala	1		–	1		–	–
3.	Mahindra Holdings Limited Jt. With Mr. V .S. Parthasarathy	1		–	1		–	–
4.	Mahindra Holdings Limited Jt. With Mr. S. Durgashankar	1	0.01	–	1	0.01	–	–
5.	Mahindra Holdings Limited Jt. With Mr. Narayan Shankar	1		–	1		–	–
6.	Mahindra Holdings Limited Jt. With Mr. Feroze Baria	1		–	1		–	–
7.	Mahindra Holdings Limited Jt. With Mr. Mario Anthony Nazareth	1		–	1		–	–
	Total	**50,000**	**100**	–	**50,000**	**100**	–	–

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

No Change in promoters' Shareholdings

(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.	At the beginning of the year	–	–	–	–
	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	–	–	–	–

(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.	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):	–	–	–	–
	At the end of the year	–	–	–	–

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

B. Remuneration to other directors: Not Applicable

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: None

For and on behalf of the Board

Narayan Shankar
Director

Feroze Baria
Director

Mumbai, 24th May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **Gateway Housing Company Limited** (formerly known as Gateway Housing Finance Corporation Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of Gateway Housing Company Limited (formerly known as Gateway Housing Finance Corporation Limited) ("the Company"), which comprise the balance sheet as at March 31, 2017, 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, 2017, 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 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 litigation which the impact on 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.
        iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note [1]

For V. R. Velhankar & Co.
Chartered Accountants
Firm's Registration Number: 111353W

V. R. VELHANKAR
Proprietor
Membership No. 030652

Mumbai, 24th May 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of Gateway Housing Company Limited (formerly known as Gateway Housing Finance Corporation Limited) for the year ended March 31, 2017

1. The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.
2. The Company, 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 and Section 186. Therefore the provisions of Clause 3(iv) of the 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 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) The Company does not have any employees, therefore it is not required to make any payments towards Provident Fund, Employees' State Insurance. According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including 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 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. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
9. During the year, there were no moneys raised by way of initial public offer or further public offer or term loans.
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, 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 not paid/ provided any managerial remuneration during the year.
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. 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.
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 V. R. Velhankar & Co.
Chartered Accountants
Firm's Registration Number: 111353W

V. R. VELHANKAR
Proprietor
Membership No. 030652

Mumbai, 24th May 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Gateway Housing Company Limited (formerly known as Gateway Housing Finance Corporation 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 Gateway Housing Company Limited (formerly known as Gateway Housing Finance Corporation Limited) ("the Company") as of March 31, 2017 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, 2017, 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 V. R. Velhankar & Co.
Chartered Accountants
Firm's Registration Number: 111353W

V. R. VELHANKAR
Proprietor
Membership No. 030652

Mumbai, 24th May 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Amount in Rs. Lakhs

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I. ASSETS				
NON-CURRENT ASSETS				
(a) Income Tax Assets		**1.23**	2.23	2.23
SUB-TOTAL		**1.23**	2.23	2.23
CURRENT ASSETS				
(a) Financial Assets				
(i) Cash and Cash Equivalents	1	**1.37**	4.94	1.41
(ii) Bank balances other than (i) above	1	**191.92**	180.98	171.57
(iii) Other Current Assets	2	**4.69**	5.62	5.51
SUB-TOTAL		**197.98**	191.54	178.49
TOTAL ASSETS		**199.21**	193.77	180.72
II. EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	3	**5.00**	5.00	5.00
(b) Other Equity	4	**81.22**	78.17	74.40
SUB-TOTAL		**86.22**	83.17	79.40
LIABILITIES				
3 NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	5	**86.25**	77.36	69.38
(b) Deferred tax Liabilities (Net)		**26.19**	28.94	31.40
SUB-TOTAL		**112.44**	106.29	100.78
3 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Trade Payables	6	**0.55**	1.54	0.55
(b) Income Tax Liabilities (Net)		**–**	2.76	**–**
SUB-TOTAL		**0.55**	4.30	0.55
TOTAL		**199.21**	193.77	180.72

For V. R. Velhankar & Co.
Chartered Accountants
Firm Registration No. 111353W

V. R. Velhankar
Proprietor
Member Registration No. 030652

Mumbai, 24th May, 2017

For and on behalf of the Board of Directors

Narayan Shankar
Feroze Baria
} *Directors*

Mumbai, 24th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

Amount in Rs. Lakhs

Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I Revenue from operations		–	–
II Other Income	7	**14.91**	14.48
III Total Revenue (I + II)		**14.91**	14.48
IV EXPENSES			
(i) Finance Costs		**8.90**	7.98
(ii) Other expenses	8	**1.53**	1.03
Total Expenses (IV)		**10.43**	9.01
V Profit before tax (III - IV)		**4.48**	**5.47**
VI Tax Expense			
(1) Current tax		**4.18**	4.16
(2) Deferred tax		**(2.75)**	(2.47)
Total tax expense		**1.44**	1.69
VII Profit for the period (V - VI)		**3.05**	**3.78**
VIII Earnings per equity share			
(1) Basic	9	**6.09**	7.56
(2) Diluted	9	**1.38**	1.71

For V. R. Velhankar & Co.
Chartered Accountants
Firm Registration No. 111353W

V. R. Velhankar
Proprietor
Member Registration No. 030652

Mumbai, 24th May, 2017

For and on behalf of the Board of Directors

Narayan Shankar
Feroze Baria
} *Directors*

Mumbai, 24th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Amount in Rs. Lakhs

		For the year ended 31st March 2017	For the year ended 31st March 2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before taxation	**4.48**	5.47
	Adjustments for:		
	Finance costs	**8.90**	7.98
	Interest on bank deposits	**(14.75)**	(14.48)
		(5.86)	(6.50)
	Operating Profit/(Loss) before Working capital changes	**(1.38)**	(1.03)
	Changes in:		
	Trade and other receivables	–	–
	Trade and other payables	**(3.75)**	3.76
		(3.75)	3.76
	Cash generated from operations	**(5.13)**	2.73
	Income taxes paid	**(3.19)**	(4.16)
	NET CASH USED IN OPERATING ACTIVITIES	**(8.32)**	(1.43)
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Investment in Bank deposits (Net)	**(10.94)**	(9.41)
	Proceeds from sale of long-term investment	–	–
	Interest received	**15.68**	14.36
	NET CASH FROM INVESTING ACTIVITIES	**4.74**	4.96
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from the issue of share capital (including share premium)	–	–
	NET CASH FROM FINANCING ACTIVITIES	–	–
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**(3.57)**	3.53
	CASH AND CASH EQUIVALENTS (See Note below)		
	Opening balance	**4.94**	1.41
	Closing balance	**1.37**	4.94
	Note:		
	Cash and cash equivalents includes:		
	Cash on hand	–	–
	Balances with Scheduled Banks:		
	(I) On Current Accounts	**1.37**	4.94
		1.37	4.94

For V. R. Velhankar & Co.
Chartered Accountants
Firm Registration No. 111353W

V. R. Velhankar
Proprietor
Member Registration No. 030652

Mumbai, 24th May, 2017

For and on behalf of the Board of Directors

Narayan Shankar
Feroze Baria
} *Directors*

Mumbai, 24th May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

Amount in Rs. Lakhs

Particulars	
A. Equity share capital	
As at 1st April, 2015	5.00
Changes in equity share capital during the year	–
As at 31st March, 2016	5.00
Changes in equity share capital during the year	–
As at 31st March, 2017	**5.00**

b. Other Equity

Amount in Rs. Lakhs

	Reserves & Surplus	**Total**
	General Reserve	
As at 1st April, 2015	74.40	74.40
Profit/(Loss) for the period	3.78	3.78
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	78.17	78.17
Profit/(Loss) for the period	–	–
As at 31st March, 2016	78.17	78.17
Profit/(Loss) for the period	3.05	3.05
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	81.22	81.22
Transfers to Reserves	–	–
As at 31st March, 2017	**81.22**	**81.22**

For V. R. Velhankar & Co.
Chartered Accountants
Firm Registration No. 111353W

V. R. Velhankar
Proprietor
Member Registration No. 030652

Mumbai, 24th May, 2017

For and on behalf of the Board of Directors

Narayan Shankar
Feroze Baria
} *Directors*

Mumbai, 24th May, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1 Company overview

Gateway Housing Company Limited is a Limited Company incorporated and domiciled in India. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company.

The immediate parent Company is Mahindra Holdings Limited. and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

2 Merger Scheme

The Board of Directors of the Company in its meeting held on 27th July 2016 has approved the merger of the Company with its holding company Mahindra Holdings Limited with effect 01st April 2016 and has also approved the related scheme of Merger under sections 391 to 394 of the Companies Act 1956/ related provisions of the Companies Act 2013. The Company is in the process of taking necessary steps for obtaining requisite approvals (shareholders/ creditors/ authorities/ Honorable High Court/ National Company Law Tribunal) as may be required for implementation of the Scheme, pending which no adjustments have been made in these financial statements.

3 Basis of preparation

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, *First-time Adoption of Indian Accounting Standards* for transition from IGAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 14.

The financial statements were approved by the Company's Board of Directors and authorised for issue on 24 May 2017.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest crore/lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4 Significant accounting policies

a. Revenue Recognition

- Dividend and interest income

Dividend income from investments is recognised 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 recognised 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.

b. 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 before tax' as reported in the consolidated statement of profit and loss 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 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 recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 liabilities and assets 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.

3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments conditions are subsequently measured at amortised cost

All other financial assets are subsequently measured at fair value

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Note No. 1 - Cash and Bank Balances

Amount in Rs. Lakhs

Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
(a) Balances with banks	**1.37**	4.94	1.41
(b) Cash on hand	**–**	–	–
Total Cash and cash equivalent	**1.37**	4.94	1.41
Other Bank Balances			
(a) Balances with Banks:			
(i) Fixed Deposits with maturity greater than 3 months	**191.92**	180.98	171.57
Total Other Bank balances	**191.92**	180.98	171.57

Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016:

Particulars	**SBNs**	**Other denomination notes**	**Total**
Cash and cash equivalents			
Closing cash in hand as on 08.11.2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 31.12.2016	–	–	–

Note No. 2 - Other Current Assets

Amount in Rs. Lakhs

Particulars	**As at 31 March 2017 Current**	As at 31 March 2016 Current	As at 1 April 2015 Current
a) Other Current Assets			
- Interest accrued but not due on term deposits	**4.69**	5.62	5.51
GRAND TOTAL	**4.69**	5.62	5.51

Note No. 3 - Equity Share Capital

Amount in Rs. Lakhs

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Nos	**Rupees**	Nos	Rupees	Nos	Rupees
Authorised shares:						
Equity Shares of Rs. 10 each	**30,000,000**	**3,000.00**	30,000,000	3,000.00	30,000,000	3,000.00
	30,000,000	**3,000.00**	30,000,000	3,000.00	30,000,000	3,000.00
Authorised shares:						
Equity Shares of Rs. 10 each	**50,000**	**5.00**	50,000	5.00	50,000	5.00
	50,000	**5.00**	50,000	5.00	50,000	5.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity:						
Opening Balance	**50,000**	**5.00**	50,000	5.00	50,000	5.00
Add: Issued during the year	**–**	**–**	–	–	–	–
Closing Balance	**50,000**	**5.00**	50,000	5.00	50,000	5.00

(iii) Details of shares held by the parent company, the ultimate parent company, their subsidiaries and associates

Particulars	**Amount in Rs. Lakhs** **No. of Shares** **Equity Shares with Voting rights**
As at 31 March 2017	
Mahindra Holdings Ltd. the Parent Company	**50,000**
Mahindra & Mahindra Ltd. the Ultimate Parent Company	–

Particulars	No. of Shares
	Equity Shares with Voting rights
As at 31 March 2016	
Mahindra Holdings Ltd. the Parent Company	50,000
Mahindra & Mahindra Ltd. the Ultimate Parent Company	–
As at 01 April 2015	
Mahindra Holdings Ltd. the Parent Company	50,000
Mahindra & Mahindra Ltd. the Ultimate Parent Company	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Amount in Rs. Lakhs

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares held	**% holding in that class of shares**	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 Holdings Ltd. the Parent Company	**466,662**	**99.9998%**	466,662	99.9998%	466,662	99.9998%

Terms/rights attached to 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, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No. 4 - Other Equity

Amount in Rs. Lakhs

	Reserves & Surplus	Total
	General Reserve	
As at 1st April, 2015	74.40	74.40
Profit/(Loss) for the period	3.78	3.78
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	78.17	78.17
Profit/(Loss) for the period	–	–
As at 31st March, 2016	78.17	78.17
Profit/(Loss) for the period	3.05	3.05
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	81.22	81.22
Profit/(Loss) for the period	–	–
As at 31st March, 2017	**81.22**	**81.22**

Note No. 5 - Borrowings

Amount in Rs. Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Current	Current	Current
Other Loans	**86.25**	77.36	69.38
	86.25	77.36	69.38

Note No. 6 - Trade Payables

Amount in Rs. Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Current	Current	Current
Trade payable - Micro ans small enterprises	–	–	–
Trade payable - Other than micro ans small enterprises	**0.55**	1.54	0.55
	0.55	1.54	0.55

Note No. 7 - Other Income

Amount in Rs. Lakhs

Particulars	As at 31 March 2017	As at 1 April 2015
(a) Interest Income		
(1) Interest on Bank Deposits (at amortised cost)	**14.75**	14.48
(b) Interest on Income Tax Refund	**0.16**	–
Total Other Income	**14.91**	**14.48**

Note No. 8 - Other Expenses

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**0.14**	0.14
(b) Other expenses		
(1) Legal and other professional costs	**0.04**	0.64
(2) Others	**1.35**	0.25
Total Other Income	**1.53**	1.03

Note No. 9 - Earnings per Share

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	Per Share	Per Share
Basic Earnings per share	**6.09**	7.56
Diluted Earnings per share	**1.38**	1.71

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Net Profit after tax available for equity shareholders (Rs. in Lakhs)	**3.05**	3.78
B. Nominal value per Share (Rs.)	**10.00**	10.00
C. Weighted Average number of Equity Shares (No.)	**50,000.00**	50,000.00
D. Effect of Dilution on potential Ordinary (Equity) No of Shares		
Optionally Convertible Preference shares or Debentures	**171,000.00**	171,000.00
Weighted average number of Ordinary (Equity) Shares used to compute diluted EPS	**221,000.00**	221,000.00
E. Basic & Diluted Earnings per share (Re.)	**6.09**	7.56
F. Basic & Diluted Earnings per share (Re.)	**1.38**	1.71

Note No. 10 - Financial Instruments

Capital management

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 as presented on the face of the statement of financial position.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Equity	**86.22**	83.17	79.40

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

As at 31 March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	**191.92**	**–**	**–**	**191.92**
Other Current Assets	**4.69**	**–**	**–**	**4.69**
Current Liabilities				
Trade Payables	**0.55**	**–**	**–**	**0.55**

As at 31 March 2016

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	180.98	–	–	180.98
Other Current Assets	5.62	–	–	5.62
Current Liabilities				
Trade Payables	1.54	–	–	1.54

As at 31 March 2015

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	171.57	–	–	171.57
Other Current Assets	5.51	–	–	5.51
Current Liabilities				
Trade Payables	0.55	–	–	0.55

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity 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.

LIQUIDITY RISK

(i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	**0.55**	**–**	**–**	**–**
Total	**0.55**	–	–	–
31-Mar-16				
Non-interest bearing	1.54	–	–	–
Total	1.54	–	–	–
1-April-15				
Non-interest bearing	0.55	–	–	–
Total	0.55	–	–	–

Note No. 11 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Amount in Rs. Lakhs

Particulars	31-Mar-17 Carrying amount	31-Mar-17 Fair value	31-Mar-16 Carrying amount	31-Mar-16 Fair value	1-Apr-15 Carrying amount	1-Apr-15 Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– Other Current Assets	**4.69**	**4.69**	5.62	5.62	5.51	5.51
– fixed deposits	**191.92**	**191.92**	180.98	180.98	171.57	171.57
Total	**196.61**	**196.61**	186.60	186.60	177.08	177.08
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	**0.55**	**0.55**	1.54	1.54	0.55	0.55
Total	**0.55**	**0.55**	1.54	1.54	0.55	0.55

Fair value hierarchy as at 31 March 2017

	Level 1	Level 2	Level 3	Level 4
Financial assets				
Financial assets carried at Amortised Cost				
– Loans & Advances		**4.69**		**4.69**
– fixed deposits		**191.92**		**191.92**
Total	**–**	**196.61**	**–**	**196.61**
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables		**0.55**		**0.55**
Total	**–**	**0.55**	**–**	**0.55**

Note No. 12 - Related Party Transactions

Related parties where control exists:

i) Mahindra & Mahindra Limited: Ultimate Parent Company

ii) Mahindra Holdings Limited: Parent Company

Transactions with related parties during the year

Balance as on 31 March 2017

Nature of transactions	Enterprises controlling the Company Parent Company
Borrowings	**86.25**
	(69.38)

Figures in bracket pertains to previous year

Note No. 13 - Events after the reporting period

There are no material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Note No. 14 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP	198.66	189.47
Effect of Dividend on Preference Shares and Deferred Tax thereon	(115.49)	(110.07)
Equity as reported under IND AS	83.17	79.40

(ii) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	Year Ended 31 March 2016
Profit as per previous GAAP	9.29
Profit under Ind AS	3.78
Impact of Preference dividend considered as finance cost	(7.98)
Effect of Deferred Tax	2.47
Total comprehensive income under Ind ASs	3.78

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

	Year ended 31 March 2016		
Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(1.43)	–	(1.43)
Net cash flows from investing activities	4.96	–	4.96
Net cash flows from financing activities	–	–	–
Net increase (decrease) in cash and cash equivalents	3.53	–	3.53
Cash and cash equivalents at beginning of period	1.41	–	1.41
Cash and cash equivalents at end of period	4.94	–	4.94

Note No. 18 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax:		
In respect of current year	**4.18**	4.16
Deferred Tax:		
In respect of current year	**(2.75)**	(2.47)
Total income tax expense	**1.44**	1.69

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax	**4.48**	5.47
Income tax expense calculated at 30.90% (2016: 30.90%)	**1.39**	1.69
Effect of income that is exempt from taxation	**–**	–
Interest under section 234(B) and 234(C)	**0.05**	–
Income tax expense recognised In profit or loss from continuing operations	**1.44**	1.69

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 30.90% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

For V. R. Velhankar & Co.
Chartered Accountants
Firm Regn No. 111353W

V. R. Velhankar
Proprietor
Member Registration No. 030652

Mumbai, 24th May 2017

For and on behalf of the Board of Directors

Narayan Shankar
Feroze Baria
Directors

Mumbai, 24th May 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Fourth Annual Report together with the audited financial statements of the Company for the year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Income	**51.51**	56.86
Total Expenditure	**3.88**	3.85
Profit before Taxation	**47.63**	53.01
Provision for Tax:		
Current Tax	**14.87**	16.01
Earlier year tax	**–**	–
Deferred Tax	**–**	–
Profit after Taxation	**32.76**	37.00
Balance of Profit from earlier years	**333.48**	296.48
Balance Carried Forward	**366.24**	333.48
Net Worth	**706.24**	673.48

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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.

Operations

During the year under review, your Company earned Income of Rs. 51.51 Lakhs as compared to Rs. 56.86 Lakhs in the previous year. The Profit for the year was Rs. 32.76 Lakhs as against a Profit Rs. 37.00 Lakhs in the previous year.

Dividend

Your Board has not considered dividend for the year under review in view of the proposed amalgamation with the Holding Company.

Amalgamation

With a view to maintain a simple corporate structure and eliminate duplicate corporate procedures your Holding Company Mahindra Holdings Limited has initiated steps to merge the company with itself.

Your Board of Directors of the Company has approved the merger of the Company, subject to requisite approvals, with its holding company Mahindra Holdings Limited, to be effective from 1st April, 2016.

Necessary application has been made to appropriate authority and the entire merger process is expected to be completed during the current financial year 2017 - 2018.

Board of Directors

The Composition of the Board of Directors is as follows:

Sl. No.	**Name of the Director**	**Designation**	**Executive/ Non-Executive**	**Independent/ Non Independent**
1.	Mr. Ulhas N Yargop (DIN: 00054530)	Chairman	Non-Executive	Non Independent
2.	Mr. Mario A Nazareth (DIN: 00013337)	Director	Non-Executive	Non Independent
3.	Mr. C Krishnadas (DIN: 00126027)	Director	Non-Executive	Non Independent

Mr. M A Nazareth (DIN: 00013337), Director, retires by rotation and being eligible, offers himself for reappointment.

Meetings of the Board and Annual General Meeting

Your Board of Directors met four times during the year under review viz on 22nd April, 2016, 27th July, 2016, 26th October, 2016 and 27th January, 2017.

The 23rd Annual General meeting of the shareholders was held on 27th July, 2016.

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

Name of Directors	No. of meetings attended
Mr. Ulhas N Yargop	4
Mr. M A Nazareth	4
Mr. C Krishnadas	2

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 and there are no material departures in adoption of these standards;

(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 31st March, 2017 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.

Code of Conduct

Your Company has adopted Code of Conduct for Corporate Governance ("the Code") for its Directors. 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 your Company's ethos.

Your Company has, for the year under review, received declarations from all the members of the Board affirming compliance with the Code.

Auditors & Audit Report

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Registration Number 105102W) were appointed as statutory auditors, at the 21st Annual General Meeting held on 14th July, 2014, to hold office from the conclusion of 21st Annual General Meeting until the conclusion of 26th Annual General Meeting 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 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 continuation, if ratification made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors until the conclusion of the 26th Annual General Meeting of the members of the Company and fix their remuneration.

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.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

Risk Management Policy

Your Company has, in place, a Risk Management Policy, which has set out the objectives and elements of risk management including identification of risks that may threaten the existence of the Company. Your Company periodically carries out risk assessment and takes steps to mitigate risks, if any.

Particulars regarding 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 I** to this Report and the same forms part of this report.

Particulars of loans, guarantees or investments.

During the year under review, your Company had not granted loan, given guarantee or made investment in the securities of any body corporate, as are covered under Section 186 of the Companies Act, 2013.

Public Deposits and Loans/Advances

Your Company had not accepted any deposits from the public, or its employees, during the year under review. There were no deposits falling under Rule 2(i) (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 was no amount which qualified as deposit outstanding as on the date of balance sheet and not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Your Company had not made any loans/advances which are required to be disclosed in the annual financial statements 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 the Ultimate Parent Company Mahindra and Mahindra Limited.

Particulars of contracts/Arrangements/Transactions with Related Parties

All the contracts/arrangements/transactions entered with related parties, during the year under review, were in ordinary course of business and on arm's length basis.

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 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2017 is attached herewith as **Annexure II** and the same forms part of this report.

The Sexual Harassment of Women at Work Place (Prevention, Prohibition, and Redressal) Act, 2013

Your Company is committed to a policy for prevention of sexual harassment at work place in accordance with the Sexual Harassment of Women at Work Place (Prevention, Prohibition, and Redressal) Act 2013 and the Rules framed thereunder. During the year under review, no complaint was received under the said Act and Rules made thereunder.

Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements.

Your Company has a system of internal control and monitoring procedures in place with reference to financial statements, commensurate with the size, scale and complexity of its operations. No material weakness in the design or operation of any control was observed during the year under review.

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. Change in the nature of business carried out by the Company.
3. 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.

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

Ulhas N. Yargop
Chairman

Mumbai, 24th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

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

Not Applicable in view of your company not being energy intensive.

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

The operations of the Company do not call for any steps to be taken for utilizing alternate sources of energy.

(c) the capital investment on energy conservation equipments:

None

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)*

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 24th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Form No. MGT-9
Extract of Annual Return
as on the financial year ended on 31st March, 2017
[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**	U63040MH1993PTC070642
2.	**Registration Date**	3rd February, 1993
3.	**Name of the Company**	Mahindra Telecommunications Investment Private 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 Building, Apollo Bunder, Mumbai 400 001 Tel No. 022 22021031 Fax No. 022 22875485
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	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.	Other financial service activities, except insurance and pension funding activities, n.e.c.	64990	100

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 Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U65993MH2007PLC175649	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100.00	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	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	4,66,663	4,66,663	100	–	4,66,663	4,66,663	100	Nil
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	4,66,663	4,66,663	100	–	4,66,663	4,66,663	100	Nil

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	
2. Foreign									
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)=(A)(1)+(A)(2)	–	4,66,663	4,66,663	100	-	4,66,663	4,66,663	100	Nil
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total - B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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. 1 lakh	–	–	–	–	–	–	–	–	–
c. Others									
Total Public shareholding (B)=(B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net Total (1+2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**–**	**4,66,663**	**4,66,663**	**100**	**–**	**4,66,663**	**4,66,663**	**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	4,66,662	100	0	4,66,662	100	0	0
2.	Mahindra Holdings Limited jointly with Mr. Narayan Shankar *	1	0	0	1	0	0	0
	Total	**4,66,663**	**100**	**0**	**4,66,663**	**100**	**0**	**0**

* jointly held with Mahindra Holdings 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) There is no change in the shareholding of the Promoter Group.

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
	At the beginning of the year	4,66,663	100	–	–
	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)	–	–	4,66,663	100

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	
	Name of the Director/KMP	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.

(` In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
1) Principal Amount	–	–	–	Nil
2) Interest due but not paid	–	–	–	Nil
3) Interest accrued but not due	–	–	–	Nil
Total of (1+2+3)	–	–	–	Nil
Change in Indebtedness during the financial year				
+ Addition	–	–	–	Nil
– Reduction	–	–	–	Nil
Net change	–	–	–	Nil
Indebtedness at the end of the financial year-31.03.2017				
1) Principal Amount	–	–	–	Nil
2) Interest due but not paid	–	–	–	Nil
3) Interest accrued but not due	–	–	–	Nil
Total of (1+2+3)	**–**	**–**	**–**	**Nil**

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
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	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration of other directors:

1. Independent Directors:- **(Rs. In Lakhs)**

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

2. Other Non-Executive Directors:- **(Rs. In Lakhs)**

Other Non-Executive Directors							Total Amount
Fee for attending board committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–	–
Ceiling as per the Act	–						

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
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	–	–	–
	Total (C)	–	–	–

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

Ulhas N. Yargop
Chairman

Mumbai, 24th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA TELECOMMUNICATIONS INVESTMENT PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of Mahindra Telecommunications Investment Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. 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

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. 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.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and 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 exits 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

8. 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 and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls 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.

10. 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

11. 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

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

13. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, 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, 2017, 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.

    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 15 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. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

        iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note [2]

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2017

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of Mahindra Telecommunications Investment Private Limited for the year ended March 31, 2017.

I. (i) The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. The Company is an investment Company and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.

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 Act. 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) 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.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed from 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, there were no moneys raised by way of terms loans, initial public offer or further public offer.

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, 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. The Company has not paid/ provided any managerial remuneration during the year.

XII. 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.

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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Amount in Rs. Lakhs

	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I ASSETS				
NON-CURRENT ASSETS				
(a) Income Tax Assets		**91.96**	9.55	9.55
SUB-TOTAL		**91.96**	9.55	9.55
CURRENT ASSETS				
(a) Financial Assets				
(i) Investments	1	**–**	–	23.36
(ii) Cash and Cash Equivalents	2	**18.44**	5.72	4.06
(iii) Bank balances other than (ii) above	2	**580.11**	614.49	590.60
(iv) Other Current Assets	3	**24.75**	56.28	11.01
SUB-TOTAL		**623.30**	676.49	629.03
TOTAL ASSETS		**715.26**	686.04	638.58
II EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	4	**46.67**	46.67	46.67
(b) Other Equity	5	**659.57**	626.81	589.81
SUB-TOTAL		**706.24**	673.48	636.48
LIABILITIES				
2 CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Trade Payables	6	**8.21**	8.20	1.83
(b) Income Tax Liabilities (Net)		**0.13**	3.17	0.13
(c) Other Current Liabilities (Net)	7	**0.68**	1.19	0.14
SUB-TOTAL		**9.02**	12.56	2.10
TOTAL		**715.26**	686.04	638.58

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212
Mumbai, 24th April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop	Director
M. A. Nazareth	Director
C. Kirshnadas	Director

Mumbai, 24th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Amount in Rs. Lakhs

Particulars		Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I	Revenue from operations	8	**–**	0.48
II	Other Income	9	**51.51**	56.38
III	Total Revenue (I + II)		**51.51**	56.86
IV	EXPENSES			
	(i) Other expenses	10	**3.88**	3.85
	Total Expenses (IV)		**3.88**	3.85
V	**Profit before tax (III - IV)**		**47.63**	53.01
VI	Tax Expense			
	(1) Current tax		**14.87**	16.01
	(2) Deferred tax		**–**	–
	Total tax expense		**14.87**	16.01
VII	**Profit for the period (V - VI)**		**32.76**	37.00
VIII	**Earnings per equity share**			
	(1) Basic	11	**7.02**	7.93
	(2) Diluted	11	**7.02**	7.93

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212
Mumbai, 24th April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop	Director
M. A. Nazareth	Director
C. Kirshnadas	Director

Mumbai, 24th April, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (INDIRECT METHOD)

	For the year ended 31 March 2017 Rupees	For the year ended 31 March 2016 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	**47.63**	53.01
Adjustments for:		
Gain on sale of long-term investment	**–**	(1.72)
Interest on bank deposits	**(51.51)**	(54.66)
	(51.51)	(56.38)
Operating Profit/(Loss) before Working capital changes	**(3.88)**	(3.37)
Changes in:		
Trade and other receivables	**–**	–
Trade and other payables	**(0.50)**	7.42
	(0.50)	7.42
Cash generated from operations	**(4.38)**	4.05
Income taxes paid	**(100.32)**	(12.97)
NET CASH USED IN OPERATING ACTIVITIES	**(104.70)**	(8.92)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Bank deposits (Net)	**34.38**	(23.89)
Proceeds from sale of long-term investment	**–**	25.08
Interest received	**83.04**	9.39
NET CASH FROM INVESTING ACTIVITIES	**117.42**	10.58
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from the issue of share capital (including share premium)	–	–
NET CASH FROM FINANCING ACTIVITIES	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**12.72**	1.66
CASH AND CASH EQUIVALENTS (see Note below)		
Opening balance	**5.72**	4.06
Closing balance	**18.44**	5.72
Note:		
Cash and cash equivalents includes:		
Cash on hand	**–**	0.02
Balances with Scheduled Banks:		
(I) on Current Accounts	**18.44**	5.70
	18.44	5.72

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212
Mumbai, 24th April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop	Director
M. A. Nazareth	Director
C. Kirshnadas	Director

Mumbai, 24th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

Amount in Rs. Lakhs

A. Equity share capital

As at 1st April, 2015	46.67
Changes in equity share capital during the year	–
As at 31st March, 2016	46.67
Changes in equity share capital during the year	–
As at 31st March, 2017	**46.67**

B. Other Equity

	Reserves & Surplus		
	Securities Premium Reserve	**General Reserve**	**Total**
As at 1st April, 2015	293.33	296.48	589.81
Profit/(Loss) for the period	–	37.00	37.00
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	293.33	333.48	626.81
Transfers to Reserves	–	–	–
As at 31st March, 2016	293.33	333.48	626.81
Profit/(Loss) for the period	–	32.76	32.76
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	293.33	366.24	659.57
Transfers to Reserves	–	–	–
As at 31st March, 2017	**293.33**	**366.24**	**659.57**

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212
Mumbai, 24th April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop	Director
M. A. Nazareth	Director
C. Kirshnadas	Director

Mumbai, 24th April, 2017

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2017

1 Company overview

Mahindra Telecommunications Investment Private Limited is a Private Limited Company incorporated and domiciled in India. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statements of the Company.

The immediate parent Company is Mahindra Holdings Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

2 Merger Scheme

The Board of Directors of the Company in its meeting held on 27th July, 2016 has approved the merger of the Company with its holding company Mahindra Holdings Limited with effect 01st April, 2016 and has also approved the related scheme of Merger under section 391 to 394 of the Companies Act 1956/related provisions of the Companies Act 2013. The Company is in the process of taking necessary steps for obtaining requisite approvals (shareholders/creditors/authorities/Honourable High Court/ National Company Law Tribunal) as may be required for implementation of the Scheme, pending which no adjustments have been made in these financial statements.

3 Basis of preparation

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from IGAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 17.

The financial statements were approved by the Company's Board of Directors and authorised for issue on 24 April 2017

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

4 Significant accounting policies

a. Revenue Recognition

– Dividend and interest income

Dividend income from investments is recognised 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 recognised 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.

b. 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 before tax' as reported in the statement of profit and loss 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 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 recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 liabilities and assets 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.

3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

- Debt instruments are subsequently measured at amortised cost
- For the impairment policy on debt instruments at FVTOCI
- All other financial assets are subsequently measured at fair value.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Note No. 1 - Investments

Amount in Rs. Lakhs

Particular	As at 31 March 2017 No of Shares	As at 31 March 2017 Amounts Current	As at 31 March 2016 No of Shares	As at 31 March 2016 Amounts Current	As at 1 April 2015 No of Shares	As at 1 April 2015 Amounts Current
Investments Carried at:						
Designated as Fair Value Through Profit and Loss						
I. Unquoted Investments (all fully paid)						
Investments in Equity Instruments Rs.10 per share in AT & T Global Network Ser. India P. Ltd.	**–**	**–**	–	–	100,000	23.36
TOTAL INVESTMENTS CARRYING VALUE	**–**	**–**	–	–	100,000	23.36
Other disclosures						
Aggregate amount of unquoted investments	**–**	**–**	–	–	–	23.36

Note No. 2 - Cash and Bank Balances

Amount in Rs. Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
(a) Balances with banks	**18.44**	5.70	4.05
(b) Cash on hand	**–**	0.02	0.01
Total Cash and cash equivalent	**18.44**	5.72	4.06
Other Bank Balances			
(a) Balances with Banks:			
(i) Fixed Deposits with maturity greater than 3 months	**580.11**	614.49	590.60
Total Other Bank balances	**580.11**	614.49	590.60

Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016:

Amount in Rs. Lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11. 2016	–	0.01	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 31.12. 2016	–	0.01	–

Note No. 3 - Other Current Assets

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
a) Other Current Assets			
– Interest accrued but not due on term deposits	**24.75**	56.28	11.01
	–	–	–
Grand Total	**24.75**	56.28	11.01

Note No. 4 - Equity Share Capital

Amount in Rs. Lakhs

	As at 31 March 2017		As at 31 March 2016		As at 31 March 2015	
	Nos	**Rupees**	Nos	Rupees	Nos	Rupees
Authorised shares:						
Equity Shares of Rs. 10 each	**1,000,000**	**100.00**	1,000,000	100.00	1,000,000	100.00
	1,000,000	**100.00**	1,000,000	100.00	1,000,000	100.00
Issued, subscribed and fully paid-up shares:						
Equity Shares of Rs.10 each	**466,663**	**46.67**	466,663	46.67	466,663	46.67
	466,663	**46.67**	466,663	46.67	466,663	46.67
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period						
Equity:						
Opening Balance	**466,663**	**46.67**	466,663	46.67	466,663	46.67
Add: Issued during the year	**–**	**–**	–	–	–	–
Closing Balance	**466,663**	**46.67**	466,663	46.67	466,663	46.67

(iii) Details of shares held by the parent company, the ultimate parent company, their subsidiaries and associates

Particulars	**No. of Shares Equity Shares with Voting rights**
As at 31 March 2017	
Mahindra Holdings Ltd. the Parent Company	**466,663**
Mahindra & Mahindra Ltd. the Ultimate Parent Company	–
As at 31 March 2016	
Mahindra Holdings Ltd. the Parent Company	466,663
Mahindra & Mahindra Ltd. the Ultimate Parent Company	–
As at 1 April 2015	
Mahindra Holdings Ltd. the Parent Company	466,663
Mahindra & Mahindra Ltd. the Ultimate Parent Company	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	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 Holdings Ltd. the Parent Company	**466,662**	**99.9998%**	466,662	99.9998%	466,662	99.9998%

Terms/rights attached to equity shares

The Company is having only one class of equity shares having face value of Rs. 10 each. 366,663 equity shares were issued during the financial year 2011-2012 at a premium of Rs. 80/- 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, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No. 5 - Other Equity

Amount in Rs. Lakhs

	Reserves & Surplus		**Total**
	Securities Premium Reserve	**General Reserve**	
As at 1st April, 2015	293.33	296.48	589.81
Profit/(Loss) for the period		37.00	37.00
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	293.33	333.48	626.81
Transfers to Reserves	–	–	–

Amount in Rs. Lakhs

	Reserves & Surplus		**Total**
	Securities Premium Reserve	**General Reserve**	
As at 31st March, 2016	293.33	333.48	626.81
Profit/(Loss) for the period	–	32.76	32.76
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	293.33	366.24	659.57
Transfers to Reserves	–	–	–
As at 31st March, 2017	**293.33**	**366.24**	**659.57**

Note No. 6 - Trade Payables

Amount in Rs. Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Trade payable - Micro and small enterprises			
Trade payable - Other than micro and small enterprises	**8.21**	8.20	1.83
	8.21	8.20	1.83

Note No. 7 - Other Current Liabilities (Net)

Amount in Rs. Lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
TDS Payable	**0.36**	0.26	0.13
Other Current Liabilities	**0.32**	0.93	0.01
	0.68	1.19	0.14

Note No. 8 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Other operating revenue	**–**	0.48
Total Revenue from Operations	**–**	0.48

Note No. 9 - Other Income

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Interest Income		
(1) Interest on Bank Deposits (at amortised cost)	**51.51**	54.66
(b) Gain on sale of long-term investment	**–**	1.72
Total Other Income	**51.51**	56.38

Note No. 10 - Other Expenses

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**0.35**	0.34
(ii) For Taxation matters	**0.40**	0.40
(b) Other expenses		
(1) Legal and other professional costs	**2.97**	3.05
(2) Others	**0.16**	0.06
Total Other Expenses	**3.88**	3.85

Note No. 11 - Earnings per Share

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	Per Share	Per Share
Basic Earnings per share	**7.02**	7.93
Diluted Earnings per share	**7.02**	7.93

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Net Profit after tax available for equity shareholders (Rs. in Lakhs)	**32.76**	37.00
B. Nominal value per Share (Rs.)	**10.00**	10.00
C. Weighted Average number of Equity Shares (No.)	**466,663.00**	466,663.00
D. Basic & Diluted Earnings per share (Rs.)	**7.02**	7.93

Note No. 12 - Financial Instruments

Capital management

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 as presented on the face of the statement of financial position.

Amount in Rs. Lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Equity	**706.24**	673.48	636.48

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

	Amortised Costs	FVTPL	FVOCI	Total
As at 31 March 2017				
Current Assets				
Other Bank Balances	**598.55**	**–**	**–**	**598.55**
Other Current Assets	**24.75**	**–**	**–**	**24.75**
Current Liabilities				
Trade Payables	**8.21**	**–**	**–**	**8.21**
As at 31 March 2016				
Current Assets				
Other Bank Balances	620.21	–	–	620.21
Other Current Assets	56.28	–	–	56.28
Current Liabilities				
Trade Payables	8.20	–	–	8.20
As at 31 March 2015				
Current Assets				
Other Bank Balances	590.60	–	–	590.60
Other Current Assets	11.01	–	–	11.01
Current Liabilities				
Trade Payables	1.83	–	–	1.83

Note No. 13 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	Fair value as at 31-Mar-17	31-Mar-16	01-Apr-15	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investments					
1) Equity investments	**–**	–	23.36	Level 2	Comparable Market Price
Total financial liabilities	**–**	–	23.36		

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– Other Current Assets	**24.75**	**24.75**	56.28	56.28	11.01	11.01
– fixed deposits	**580.11**	**580.11**	614.49	614.49	590.60	590.60
Total	**604.86**	**604.86**	670.77	670.77	601.61	601.61
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	**8.21**	**8.21**	8.20	8.20	1.83	1.83
Total	**8.21**	**8.21**	8.20	8.20	1.83	1.83

	Fair value hierarchy as at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Loans & Advances		**24.75**		**24.75**
– fixed deposits		**580.11**		**580.11**
Total	**–**	**604.86**	**–**	**604.86**
Financial liabilities held at amortised cost				
– trade and other payables		**8.21**		**8.21**
Total	**–**	**8.21**	**–**	**8.21**

Note No. 14 - Related Party Transactions

Related parties where control exists:

i) Mahindra & Mahindra Limited: Ultimate Parent Company

ii) Mahindra Holdings Limited: Parent Company

Transactions with related parties during the year

Nature of transactions	Enterprises controlling the Company Ultimate Parent Company
Expenses	1.85
	(2.63)

Balance as on 31 March 2017

Nature of transactions	Enterprises controlling the Company Ultimate Parent Company
Payables	1.63
	(2.06)

Figures in bracket pertains to previous year

Note No. 15 - Contingent Liability

Amount in Rs. Lakhs

	For the year ended 31 March 2017	For the year ended 31 March 2016
Income tax demands disputed from A. Y. 2014-15 for which the Company has preferred appeal before the Appellate Authorities	**21.80**	–
Income tax demands disputed from A. Y. 2007-08 to A.Y. 2013-14 for which the Company has preferred appeal before the Appellate Authorities	**64.06**	64.06
Interest on Income tax demands disputed from A. Y. 2007-08 to A.Y. 2013-14 for which the Company has preferred appeal before the Appellate Authorities.	**3.94**	–
TOTAL	**89.80**	64.06

Note No. 16 - Events after the reporting period

There are no material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Note No. 17 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP	673.47	623.52
Fair Valuation of Current Investment *(Refer Note Below)	–	12.95
Equity as reported under IND AS	673.47	636.47

*** Note:**
The Company had an investment of Rs 10 lakhs in equity shares of AT&T Global Network Services India Pvt Ltd (Indian Subsidiary of AT&T Global Network Holdings) with the call option (buyback option) with AT&T Global Network Holdings.

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	Year Ended 31 March 2016
Profit as per previous GAAP	49.95
Profit under Ind AS	49.95
Other comprehensive income	–
Total comprehensive income under Ind ASs	37.00

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

Particulars	Year ended 31 March 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(8.51)	–	(8.51)
Net cash flows from investing activities	10.16	–	10.16
Net cash flows from financing activities	–	–	–
Net increase (decrease) in cash and cash equivalents	1.65	–	1.65
Cash and cash equivalents at beginning of period	4.06	–	4.06
Cash and cash equivalents at end of period	5.71	–	5.71

Note No. 18 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax:		
In respect of current year	**14.87**	16.01
Deferred Tax:		
In respect of current year	**–**	–
Total income tax expense on continuing operations	**14.87**	16.01

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax from continuing operations	**47.63**	53.01
Income tax expense calculated at 30.90% (2016: 30.90%)	**14.72**	16.38
Effect of income that is exempt from taxation	**–**	0.53
Interest under section 234(B) and 234(C)	**0.14**	0.16
Income tax expense recognised In profit or loss from continuing operations	**14.86**	16.01

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 30.90% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212
Mumbai, 24th April, 2017

For and on behalf of the Board of Directors

Ulhas N. Yargop	Director
M. A. Nazareth	Director
C. Kirshnadas	Director

Mumbai, 24th April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

Your Directors present their Third Report together with the audited accounts of your Company for the year ended 31st March 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report 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 judgments 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.

PRINCIPAL ACTIVITIES

The Company's principal activity is the operation of a Formula E racing team.

DIRECTORS

The Directors of your company are Dr. Pawan Goenka – (Chairman of the Company), Mr. S. P. Shukla, Mr. Ruzbeh Irani, Mr. Chetan Mani, Mr. Dilbagh Gill – Director and Chief Executive Officer of the company, Mr. Chandrashekar Joshi – Director and Chief Financial Officer.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

So far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and

That Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to the companies subject to the small companies regime.

FINANCIAL HIGHLIGHTS:

(Amount in GBP/INR.)

	2017 GBP Lakhs	**2017 INR Lakhs**	2016 GBP Lakhs	2016 INR Lakhs
Total Income	**94.04**	**7,854.75**	59.13	4,785.93
Profit before depreciation & Taxation	**(0.25)**	**(20.02)**	0.08	6.48
Depreciation	**0.01**	**0.56**	0.01	0.48
Profit before Tax	**(0.25)**	**(20.57)**	0.07	5.99
Taxation	**(0.23)**	**(18.47)**	0.23	18.66
Profit/(Loss) for the year	**(0.03)**	**(2.11)**	(0.16)	(12.66)
Profit/(Loss) carried to Balance Sheet	**(0.03)**	**(2.11)**	(0.16)	(12.66)

The Financial Statements at March 31, 2017 highlight a loss equal to GBP 2,602 (INR 210,599) which represents an acceptable outcome taking into account that, on one hand, your Company has been winning races and, on the other hand, we have entered into being a constructor, with the purpose to achieve and maintain a good standing in Formula E Racing, has been incurring several expenses and also making for medium- and long-term investments as constructor which were met from the sponsorship income received from Mahindra & Mahindra Limited and other sponsor's.

SHARE CAPITAL

The Equity share capital of your Company is GBP 20,000 (INR 1,618,800)

Holding Company

Your Company's holding Company is Mahindra Overseas Investment Company (Mauritius) Limited, which is a subsidiary of Mahindra & Mahindra Limited. Hence, Mahindra & Mahindra Limited is the ultimate Parent Company.

For & on Behalf of the Board

Dilbagh Gill
Director

Place:
Date: 25th April, 2017.

AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA RACING UK LIMITED

We have audited the financial statements of Mahindra Racing UK Limited for the period ended 31 March 2017, The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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 an Auditor's 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 opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council'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 Directors' Report 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 March 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report

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 prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

MHA Macintyre Hudson
John Coverdale FCA
(Senior Statutory Auditor)

Place: London
Date: April 25th 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 GBP	2017 INR	2016 GBP	2016 INR
INCOME					
Sponsorship		**6,987,250**	**565,547,996**	4,440,001	359,373,679
Other Sponsorship		**1,142,498**	**92,473,774**	945,983	76,567,890
Other Income		**1,574,658**	**127,452,848**	526,947	42,651,120
		9,704,406	**785,474,618**	5,912,932	478,592,689
EXPENSES					
FIA, Carlin, Campos & Constructor Cost		**6,445,171**	**521,672,146**	4,645,175	375,980,493
Legal & Professional Charges		**2,648,175**	**214,343,286**	909,884	73,646,047
Conveyance Expenses		**44,809**	**3,626,866**	70,611	5,715,275
Staff Salaries		**211,495**	**17,118,411**	–	–
Rent		**650**	**52,611**	–	–
Insurance Expenses		**32,046**	**2,593,789**	36,262	2,935,032
Marketing Expenses		**235,455**	**19,057,731**	223,041	18,052,936
Software charges		**11,804**	**955,383**	–	–
Bank Charges		**4,517**	**365,638**	3,918	317,134
Depreciation		**686**	**55,525**	594	48,078
Miscellaneous Expenses		**95,013**	**7,690,382**	16,009	1,295,777
		9,729,822	**787,531,767**	5,905,495	477,990,773
OPERATING (LOSS)/PROFIT		**(25,416)**	**(2,057,148)**	7,437	601,917
Investment written off		**–**	**–**	–	–
Impairment of available for sale financial asset		**–**	**–**	–	–
Realised gain on disposal of investment		**–**	**–**	–	–
(LOSS)/PROFIT BEFORE TAX		**(25,416)**	**(2,057,148)**	7,437	601,917
Tax expense		**(22,814)**	**(1,846,549)**	23,053	1,865,910
(LOSS)/PROFIT FOR THE YEAR		**(2,602)**	**(210,599)**	(15,616)	(1,263,993)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(2,602)**	**(210,599)**	(15,616)	(1,263,993)

Dilbagh Gill

Director

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	2017	2017	2016	2016
ASSETS	**GBP**	**INR**	GBP	INR
Non-current assets				
Computer	**638**	**51,621**	1,324	107,130
Intangible Assets	**2**	**162**	2	162
	640	**51,783**	1,326	107,292
Current assets				
Sundry Debtors	**1,001,221**	**81,038,812**	618,780	50,084,043
VAT Receivable	**107,358**	**8,689,569**	119,097	9,639,684
Deposits	**24,780**	**2,005,693**	24,000	1,942,560
Prepaid Expenses	**976,275**	**79,019,679**	546,486	44,232,549
Cash and cash equivalents	**15,550**	**1,258,586**	69,842	5,652,977
	2,125,183	**172,012,339**	1,378,204	111,551,813
Total assets	**2,125,823**	**172,064,122**	1,379,529	111,659,105
EQUITY AND LIABILITIES				
Equity				
Stated capital	**20,000**	**1,618,800**	20,000	1,618,800
(Accumulated losses)/Retained earnings	**(26,693)**	**(2,160,529)**	(24,091)	(1,949,930)
	(6,693)	**(541,729)**	(4,091)	(331,130)
Non-current liabilities				
Borrowings	**–**	**–**	–	–
Current liabilities				
Payables and accruals	**2,057,996**	**166,574,229**	1,315,835	106,503,715
Other Payables	**74,520**	**6,031,622**	67,785	5,486,520
	2,132,516	**172,605,851**	1,383,620	111,990,234
Total equity and liabilities	**2,125,823**	**172,064,122**	1,379,529	111,659,105

Approved by the Board of Directors on 25.04.2017 and signed on its behalf by:

Dilbagh Gill

Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	**2017**	2016	2016
	GBP	**INR**	GBP	INR
Cash flows from operating activities				
(Loss)/profit before taxation	**(25,416)**	**(2,057,148)**	7,437	601,917
Adjustments for:				
Depreciation	**686**	**55,525**	594	48,078
Impairment loss on available-for-sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
Unrealised foreign exchange loss/(gain)	**–**	**–**	–	–
Interest income	**–**	**–**	–	–
Interest expense	**–**	**–**	–	–
Dividend income	**–**	**–**	–	–
	(24,730)	**(2,001,624)**	8,031	649,995
Adjustments for working capital changes:				
(Increase)/Decrease in Current Assets	**(801,272)**	**(64,854,917)**	(412,950)	(33,424,145)
Increase/(decrease) in Current Liabilities	**748,896**	**60,615,616**	160,535	12,993,734
Cash flows generated from operating activities	**(77,106)**	**(4,239,300)**	(244,384)	(20,430,410)
Taxes paid	**22,814**	**1,846,549**	(23,053)	(1,865,910)
Interest paid	**–**	**–**	–	–
Net cash flows generated from/(used in) operating activities	**(54,292)**	**(4,394,375)**	(267,437)	(21,646,325)
Cash flows from investing activities				
Purchase of available-for-sale financial assets	**–**	**–**	–	–
Purchase of property, plant & equipment	**–**	**–**	(1,107)	(89,619)
Proceeds from disposal of available-for-sale financial assets	**–**	**–**	–	–
Dividend received	**–**	**–**	–	–
Net cash flows (used in)/from investing activities	**–**	**–**	(1,107)	(89,619)
Cash flows from financing activities				
Share Capital	**–**	**–**	–	–
Loans repaid to bank	**–**	**–**	–	–
Loans from bank	**–**	**–**	–	–
Loan repayment received	**–**	**–**	–	–
Proceeds from issue of shares	**–**	**–**	–	–
Loans given	**–**	**–**	–	–
Shareholder's loan	**–**	**–**	–	–
Net cash flows generated from/(used in) financing activities	**–**	**–**	–	–
(Decrease)/increase in cash and cash equivalents	**(54,292)**	**(4,394,375)**	(268,544)	(21,735,944)
Cash & Bank Balances				
Opening Balance	**69,842**	**5,652,977**	338,385	27,388,922
Closing Balance	**15,550**	**1,258,586**	69,842	5,652,977
Cash and cash equivalents made up of:				
Cash at bank	**15,550**	**1,258,586**	69,842	5,652,977

Notes to the financial statements at 31 March 2017

1. General Information

Mahindra Racing UK Limited is a private company limited by shares, incorporated in England and Wales within the UK.

Values shown in GBP's & Rupees (1 GBP = 80.94) for convenient conversion terms.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Revenue

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales tax.

2.3 Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less and accumulated amortisation and any acculated impairment losses.

All intangible assets are considered to have a finite useful life, If a reliable estimate of the useful life cannot be made, the useful life shall no exceed ten years.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis :

Office equipment - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and Losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with in significant risk of change in value.

2.7 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised In the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an assets' carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period -end exchange rates of monetary assets and liabilities denominated in foreign currencies

are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expenses recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

3. Auditor's remuneration

	2017	2016
	GBP	GBP
Fees payable to the company's auditor and its associates for the audit of the company's annual Financial statements	**5,250**	5,250

4. Employees

The average monthly number of employees, including directors, during the year was 1 (2016 -0)

5. Related party Transactions

During the year the company received sponsorship income amounting to GBP 6,987,250 (2016: GBP 4,440,001) from Mahindra & Mahindra Limited, its ultimate parent undertaking. AT the balance sheet date there was an amount of GBP 13,990 owed to (2016: GBP 38.975 owed from) this company.

6. Controlling party

The Company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritus. The ultimate parent undertaking is Mahindra & Mahindra Limited, a company incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publically available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

7. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

ASSETS

A) Application of Funds

		As at 31.03.2017		As at 31.03.2016	
		GBP	**INR**	GBP	INR
1.	**Fixed Assets**				
	Gross Block	**2,078**	**168,212**	2,078	168,212
	Less : Accumulated Depreciation	**1,440**	**116,591**	755	61,082
		638	**51,621**	1,324	107,130
	Intangible	**2**	**162**	2	162
2.	**Current Assets**				
	a) Debtors	**1,001,221**	**81,038,812**	618,780	50,084,043
	b) VAT Receivable	**107,358**	**8,689,569**	119,097	9,639,684
	c) Deposits	**24,780**	**2,005,693**	24,000	1,942,560
	d) Prepaid	**976,275**	**79,019,679**	546,486	44,232,549
		2,109,634	**170,753,752**	1,308,362	105,898,836
	e) Cash and Bank Balance				
	HSBC Account (GBP Account)	**3,807**	**308,177**	2,483	200,989
	HSBC Account (Euro Account)	**11,742**	**950,409**	67,358	5,451,989
	(The Balance reflects the liquid assets and the cash in hand and cash equivalent at the year end)	**15,550**	**1,258,586**	69,842	5,652,977
	Total Application of Funds	**2,125,823**	**172,064,122**	1,379,529	111,659,105
B	**Sources of Funds**				
1.	**Share Capital**				
	Share Capital	**20,000**	**1,618,800**	20,000	1,618,800
	Retained Earnings	**(26,693)**	**(2,160,529)**	(24,091)	(1,949,930)
		(6,693)	**(541,729)**	(4,091)	(331,130)
2.	**Current Liabilities**				
	Accounts Payable to Suppliers	**2,057,996**	**166,574,229**	1,315,835	106,503,715
	Other accounts payable	**74,520**	**6,031,622**	67,785	5,486,520
		2,132,516	**172,605,851**	1,383,620	111,990,234
	Total Sources of Funds	**2,125,823**	**172,064,122**	1,379,529	111,659,105

Profit & Loss Account

		As at 31.03.2017		As at 31.03.2016	
		GBP	**INR**	GBP	INR
A)	**Revenue**				
	M & M Sponsorship income	**6,987,250**	**565,547,996**	4,440,001	359,373,679
	Other Sponsorship	**1,142,498**	**92,473,774**	945,983	76,567,890
	Other Income	**1,574,658**	**127,452,848**	526,947	42,651,120
		9,704,406	**785,474,618**	5,912,932	478,592,689
B)	**Expenses**				
	FIA, Carlin, Campos & Constructor Cost	**6,445,171**	**521,672,146**	4,645,175	375,980,493
	Legal & Professional Charges	**2,648,175**	**214,343,286**	909,884	73,646,047
	Conveyance Expenses	**44,809**	**3,626,866**	70,611	5,715,275
	Staff Salaries	**211,495**	**17,118,411**	–	–
	Rent	**650**	**52,611**	–	–
	Insurance Expenses	**32,046**	**2,593,789**	36,262	2,935,032
	Marketing Expenses	**235,455**	**19,057,731**	223,041	18,052,936
	Software charges	**11,804**	**955,383**	–	–
	Bank Charges	**4,517**	**365,638**	3,918	317,134
	Depreciation	**686**	**55,525**	594	48,078
	Miscellaneous Expenses	**95,013**	**7,690,382**	16,009	1,295,777
		9,729,822	**787,531,767**	5,905,495	477,990,773

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors present their Sixth Report together with the audited accounts of your Company for the year ended 31st March, 2017.

PRINCIPAL ACTIVITY & REVIEW OF BUSINESS

Your Company participates, as a constructor of motorcycles, in FIM MotoGP™ World Motorcycle Racing Championship, FIM CEV Repsol International Championship (Junior World Championship) and the Elf CIV Italian National Motorcycle Racing Championship in the Moto3™ (250cc, 4 stroke) class.

Your Company staff consists of 27 employees including contractual employees and administration/technical and managerial staff. The organization works out of a rented office space in Italy at Besozzo, Varese province (near Milan) from where the Company conducts all its design, development and manufacturing activities.

Mahindra Racing S.p.A. has six major partnerships – Mahindra & Mahindra Ltd. for sponsorship and Box 55 (Team Aspar), Peugeot Motocycles, CIP, Team LaGlisse and Max Biaggi for participating in the three Moto3 Championships.

Major Achievements for F 2017:

- Eight podium finishes (including 3 wins) in the 2016 season of the FIM MotoGP™ World Motorcycle Racing Championship in the Moto3™ class – the best ever for an Indian Constructor
- 10 out of 33 bikes on the Moto3™ grid were Mahindra's
- Celebrated our 100th Grand Prix start at the San Marino GP
- Two podium finishes in the 2016 season of the FIM CEV Repsol International Championship (Moto3™ Junior World Championship)
- Six podium finishes (including three wins) in the 2016 season of the Elf CIV Italian National Motorcycle Racing Championship

Awards & Recognition in 2016 - 17:

- Autocar India – Motorsport Award of the year
- Car & Bike India – Motorsport Award of the year
- Times Auto Awards – Bikesport Award of the year

FINANCIAL HIGHLIGHTS:

(Amount in Euro/INR.)

	2017 Euro Lakhs	**2017 INR Lakhs**	2016 Euro Lakhs	2016 INR Lakhs
Total Income	**58.09**	**4,022.98**	56.75	3,930.22
Profit before depreciation & Taxation	**2.36**	**163.28**	1.10	76.19
Depreciation	**1.62**	**111.86**	0.56	38.79
Profit before Tax	**0.74**	**51.42**	0.54	37.40
Taxation	**0.52**	**35.88**	0.52	36.02
Profit/(Loss) for the year	**0.22**	**15.54**	0.02	1.38
Profit/(Loss) carried to Balance Sheet	**0.22**	**15.54**	0.02	1.38

The Financial Statements at March 31, 2017 highlight a Profit equal to Euro 22,442 (INR 15,54,330) which represents an acceptable outcome taking into account that, on one hand, your Company has been winning races and, on the other hand, we have entered into manufacturing actives, with the purpose to achieve and maintain a good standing in FIM World & Junior World Motorcycle Moto3 Championship (250cc 4 stroke) and in the Italian championship, has been incurring several expenses and also making for medium- and long-term investments which were met from the sponsorship income received from Mahindra & Mahindra Limited.

SHARE CAPITAL

The Equity share capital of your Company is Euro 1,781,000 (INR 123,352,060), this year fresh equity infusion of Euro 980,000 was done for carrying out the design, development and manufacturing activities. Working capital loan has been taken from Barclays Bank to meet the working capital needs of the Company.

DIRECTORS

The Directors of your Company are Mr. Ruzbeh Irani – (Chairman of the Company), Mr. Rajesh Jejurikar, Mr. Nicola Paglietti, Mr. Mufaddal Abbas Choonia – Director and Chief Executive Officer of the Company & Mr. Chandrashekar Joshi – Director and Chief Financial Officer.

Holding Company

Your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, which is a subsidiary of Mahindra & Mahindra Limited. Hence, Mahindra & Mahindra Limited is the ultimate Parent company.

For & on Behalf of the Board

Mufaddal Abbas Choonia
Director

Place:
Date: 12th May, 2017.

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAHINDRA RACING S.P.A.

1. We have audited the annual accounts for the business year of Mahindra Racing S.p.A. as at 31 March 2017. It is the responsibility of the directors of Mahindra Racing S.p.A. to draw-up the annual accounts. It is our responsibility to express our professional opinion on the annual accounts based on our auditing.

2. Our audit was made according to the CONSOB principles and criteria for auditing. In conformity with the aforesaid principles and criteria, the audit was planned and carried out to acquire every element necessary to control if the annual accounts were invalidated by important errors and if they, on the whole, result as reliable. Auditing procedures include the examination, by spot checking, of the elements supporting the totals and the information contained in the annual accounts, as well as an evaluation of the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the directors. We believe that the work carried out supplies us a reasonable basis on which to express our professional opinion.

   For the opinion on the previous year's annual accounts, the data for which were presented for comparison according to the legal requisites, we would refer you to our report issued on 9th May 2016.

3. In our opinion, Mahindra Racing S.p.A.'s financial statement of 31 March 2017 complies with the laws that regulate the criteria for its preparation; therefore, it is clear and represents in a truthful and correct way the company's assets and financial situation and its economic result.

RB Audit Italia S.r.l.
Dott. Roberto Mallardo
(Partner)

Rome, 10th May, 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017 EURO	2017 INR	2016 EURO	2016 INR
INCOME				
Sponsorship	**4,667,300**	**323,257,198**	3,951,950	273,712,057
Other Income	**60,920**	**4,219,322**	52,500	3,636,150
Manufacturing Income	**1,080,242**	**74,817,568**	1,669,905	115,657,635
Bank Interest	**52**	**3,615**	227	15,714
	5,808,514	**402,297,702**	5,674,582	393,021,556
EXPENSES				
Material Cost for Races	**2,383,780**	**165,100,606**	2,587,653	179,220,848
Legal & Professional Charges	**1,879,636**	**130,183,598**	1,392,906	96,472,699
Travelling Expenses	**327,671**	**22,694,471**	211,542	14,651,424
Car Rental	**21,487**	**1,488,212**	8,260	572,086
Telephone & Postal Expense	**6,607**	**457,602**	1,369	94,797
Rent Expenses	**144,063**	**9,977,826**	248,281	17,195,914
Transportation Charges	**59,197**	**4,099,996**	43,484	3,011,730
Repair & Maintenance	**23,707**	**1,641,916**	28,466	1,971,588
Power & Fuel	**78,187**	**5,415,250**	32,331	2,239,239
Consumables	**493,031**	**34,147,324**	851,774	58,993,900
Depreciation	**161,503**	**11,185,720**	55,915	3,872,704
Bank Charges	**14,901**	**1,032,061**	21,023	1,456,063
Insurance	**6,282**	**435,108**	15,170	1,050,674
Audit Fees	**33,755**	**2,337,871**	12,134	840,394
Miscellaneous Expenses	**100,465**	**6,958,211**	110,821	7,675,471
	5,734,273	**397,155,774**	5,621,131	389,319,531
OPERATING (LOSS)/PROFIT	**74,241**	**5,141,929**	53,451	3,702,025
Investment written off	**–**	**–**	–	–
Impairment of available for sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
(LOSS)/PROFIT BEFORE TAX	**74,241**	**5,141,929**	53,451	3,702,025
Tax expense	**51,799**	**3,587,599**	51,689	3,579,980
(LOSS)/PROFIT FOR THE YEAR	**22,442**	**1,554,330**	1,762	122,044
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**22,442**	**1,554,330**	1,762	122,044

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	2017 EURO	2017 INR	2016 EURO	2016 INR
ASSETS				
Tangible Assets				
Computers	**3**	**179**	1,947	134,833
Plant & Machinery	**1,497,617**	**103,724,948**	481,152	33,324,560
Intangible Assets				
R & D Cost	**108,000**	**7,480,080**	40,000	2,770,400
Software	**16,500**	**1,142,790**	22,000	1,523,720
	1,622,120	**112,347,997**	545,098	37,753,513
Current Assets				
Sundry Debtors	**34,863**	**2,414,621**	245,928	17,032,989
Tax credits	**715,455**	**49,552,379**	348,579	24,142,600
Prepayments	**26,592**	**1,841,765**	–	–
Closing Stock	**1,095,892**	**75,901,486**	717,233	49,675,526
Cash and cash equivalents	**46,390**	**3,212,998**	18,306	1,267,860
Other Current Assets	**2,444**	**169,291**	9,544	661,037
	1,921,636	**133,092,540**	1,339,590	92,780,013
Total Assets	**3,543,756**	**245,440,537**	1,884,689	130,533,526
EQUITY AND LIABILITIES				
Share capital	**1,781,000**	**123,352,060**	801,000	55,477,260
(Accumulated losses)/Retained earnings	**(57,367)**	**(3,973,245)**	(79,808)	(5,527,506)
	1,723,633	**119,378,815**	721,192	49,949,754
Current Liabilities				
Payables and accruals	**1,369,881**	**94,877,946**	984,014	68,152,835
Bank Loan short term	**363,147**	**25,151,574**	161,977	11,218,535
Other Payables	**87,095**	**6,032,202**	17,505	1,212,403
	1,820,123	**126,061,722**	1,163,497	80,583,772
Total equity and liabilities	**3,543,756**	**245,440,537**	1,884,689	130,533,526

Approved by the Board of Directors on 12.05.2017 and signed on its behalf by:

Mufaddal Abbas Choonia
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	**2017**	2016	2016
	EURO	**INR**	EURO	INR
Cash flows from operating activities				
(Loss)/profit before taxation	**74,241**	**5,141,929**	53,451	3,702,025
Adjustments for:				
Depreciation	**161,503**	**11,185,720**	55,915	3,872,704
Impairment loss on available-for-sale financial asset	**–**	**–**	–	–
Realised gain on disposal of investment	**–**	**–**	–	–
Unrealised foreign exchange loss/(gain)	**–**	**–**	–	–
Interest income	**–**	**–**	–	–
Interest expense	**–**	**–**	–	–
Dividend income	**–**	**–**	–	–
	235,744	**16,327,649**	109,366	7,574,729
Adjustments for working capital changes:				
(Increase)/Decrease in Current Assets	**(553,962)**	**(38,367,408)**	(358,222)	(24,810,486)
Increase/(Decrease) in Current Liabilities	**455,457**	**31,544,952**	398,770	27,618,780
Cash flows generated from operating activities	**137,239**	**(9,505,193)**	149,913	10,382,954
Taxes paid	**(51,799)**	**(3,587,599)**	(51,689)	(3,579,980)
Interest paid	**–**	**–**	–	–
Net cash flows generated from/(used in) operating activities	**85,439**	**5,917,525**	98,224	6,802,973
Cash flows from investing activities				
Purchase of available-for-sale financial assets	**–**	**–**	–	–
Purchase of property, plant & equipment	**(1,238,525)**	**(85,780,273)**	(464,941)	(32,201,814)
Proceeds from disposal of available-for-sale financial assets	**–**	**–**	–	–
Dividend received	**–**	**–**	–	–
Net cash flows (used in)/from investing activities	**(1,238,525)**	**(85,780,273)**	(464,941)	(32,201,814)
Cash flows from financing activities				
Share Capital	**980,000**	**67,874,800**	250,000	17,315,000
Loans repaid to bank	**–**	**–**	(78,182)	(5,414,852)
Loans from bank	**201,170**	**13,933,038**	–	–
Loan repayment received	**–**	**–**	–	–
Proceeds from issue of shares	**–**	**–**	–	–
Loans given	**–**	**–**	–	–
Shareholder's loan	**–**	**–**	–	–
Net cash flows generated from/(used in) financing activities	**1,181,170**	**81,807,838**	171,818	11,900,148
(Decrease)/increase in cash and cash equivalents	**28,084**	**1,945,090**	(194,899)	(13,498,692)
Cash & Bank Balances				
Opening Balance	**18,306**	**1,267,860**	213,205	14,766,586
Closing Balance	**46,390**	**3,212,998**	18,306	1,267,860
Cash and cash equivalents made up of:				
Cash at bank	**46,390**	**3,212,998**	18,306	1,267,860

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2017

Registry of Trading Companies. 11736751006
Rea 1324589

MAHINDRA RACING S.P.A.

Registered office in VIA DELLA MERCEDE, 11 - 00187 ROMA (RM) Share Capital Euro 1,781,000 i.v.
Notes to the financial statements at 31/03/2017

Introduction

Dear Partners/Shareholders,

The present financial statement, presented to your attention for examination and approval, shows an operating profit equal to Euro 22,442.

Values shown in Euro's & Rupees (1 Euro=69.26) for convienent conversion terms

General

Your company is engaged in the field of management and organization of technical and race teams for the participation in sports competition in the motorcycle sector, at professional level, in national and international competitions. Your company is also active in the field of promotion and management of the brand and merchandising activities.

Basis of Preparation of Financial Statements

These financial statements have been drawn up in accordance with articles 2423 ff of the Italian Civil Code, as appears from these Notes, which have been prepared pursuant to articles. 2427 of the Italian Civil Code and are an integral part of the financial statements within the meaning and for the purposes of articles 2423.

The financial statements' values are represented in units of Euro by rounding of the related amounts. Any rounding difference has been indicated under the heading "Reserve rounding Euro" between the items "Quota-holders capital" and "Rounding in Euro" under the item "extraordinary income and charges" in the Profit and Loss Account.

Basis of Accounting

The criteria used for drawing up the financial statements at March 31, 2017 do not differ from those used for the drafting of the financial statements of the previous financial year, particularly in terms of evaluations and in the continuity of the same principles.

The evaluation of the financial statements' items has been carried out on the basis of the general criteria of prudence and accrual, on a continuative basis of the activities, by evaluating the economic function of the assets as well as of the liabilities taken into account. The application of the prudential basis of the accounting resulted in the evaluation of the single components of each value or asset or liability, in order to avoid any offset between losses that should have been recognized and/or profits that should have not been recognised if not realised.

In compliance to the accruals method, the effects of the transactions and of the other events have been reflected on the accounts and attributed to the fiscal year to which the transactions and the events refer, and not to the one in which the related collections and payments have occurred.

The fact that the evaluations considers the economic function of the assets or liabilities taken into account, which expresses the principle of prevalence of the substance over the form - mandatory where not conflicting with other specific rules governing the financial statements – makes it possible to represent the transactions according to the economic reality underlying the formal aspects.

In particular, the following accounting policies have been applied:

Fixed assets

Tangible assets

The Tangible Assets have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation funds.

The book value includes the ancillary costs as well as the costs incurred for the use of the fixed tangible asset, less any trade discounts and any significant cash discounts.

The depreciation charged to the Profit and Loss Account has been calculated on the basis of the remaining "useful life" of the assets, taking into account their use, destination and economic-technical life, and we believe that this is well reflected by the following rates, in the year in which the asset has been put to use:

– Computers : 25%

Accounts receivable

The Account receivables have been recorded at their presumed realisable value.

Accounts payable

Accounts payable have been recorded at their nominal value, adjusted by any returns of goods or credit notes.

Accrued liabilities/income – prepayments/deferred income

These have been determined on an actual accruals basis of the financial period.

For long term accruals have been verified the conditions that led to its original registration, adopting, if necessary, appropriate changes.

The Accrued Incomes measure the income and expenses which competence is anticipated or delayed with respect to the numeracy and/or documental evidence; said incomes are independent from the date of payment or collection of the connected income and expenses, related to two or more financial years and divisible on a time basis.

Income taxes

The income taxes are accrued in accordance with the competence principle and include as following indicated:

- the accruals for the taxes paid or to be paid in the financial year, determined according to the current rates and regulation;

Recognition of income

The financial revenues and those deriving from the carrying out of services are acknowledged on an accrual basis

Assets

A) Application of Funds

	As At 31.03.2017		As At 31.03.2016	
	Euro	**INR**	Euro	INR
1. Fixed Assets				
Tangible Assets				
Computers	**7,742**	**536,192**	7,742	536,192
Less : Acc. Depreciation	**(7,739)**	**(536,013)**	(5,795)	(401,358)
	3	**179**	1,947	134,833
Plant & Machinery	**1,670,966**	**115,731,114**	529,942	36,703,761
Less : Acc. Depreciation	**(173,349)**	**(12,006,166)**	(48,790)	(3,379,201)
	1,497,617	**103,724,948**	481,152	33,324,560
Intangible Assets				
R & D Cost	**147,500**	**10,215,850**	50,000	3,463,000
Less : Amortization	**(39,500)**	**(2,735,770)**	(10,000)	(692,600)
	108,000	**7,480,080**	40,000	2,770,400
Software	**27,500**	**1,904,650**	27,500	1,904,650
Less : Amortization	**(11,000)**	**(761,860)**	(5,500)	(380,930)
	16,500	**1,142,790**	22,000	1,523,720
Total Fixed Assets	**1,622,120**	**112,347,997**	545,098	37,753,513

		As At 31.03.2017 Euro	INR	As At 31.03.2016 Euro	INR
2.	**Current Assets**				
	Accounts Receivable				
a)	Tax credits	**715,447**	**49,551,860**	348,579	24,142,600
b)	Prepaid Expenses	**26,592**	**1,841,765**	–	–
c)	Receivables	**34,863**	**2,414,621**	245,928	17,032,989
d)	Deposits	**2,452**	**169,810**	9,544	661,037
		779,354	**53,978,056**	604,052	41,836,626
e)	**Cash & Bank Balances**				
	Bank Account (Rome)	**39,560**	**2,739,926**	11,459	793,674
	Prepaid Card	**3,532**	**244,626**	5,000	346,300
	Cash in Hand	**3,298**	**228,445**	1,846	127,887
		46,390	**3,212,998**	18,306	1,267,860
f)	**Closing Stock**	**1,095,892**	**75,901,486**	717,233	49,675,526
g)	**Misc. Expenditure to the extent not written off.**				
	Start up cost	**–**	**–**	772	53,469
	Less : Expensed out this year	**–**	**–**	772	53,469
	Balance not written off	**–**	**–**	–	–
	Total Application of Funds	**3,543,756**	**245,440,537**	1,884,689	130,533,526
B)	**Sources of Funds**				
1.	**Share Capital**				
	Share Capital	**1,781,000**	**123,352,060**	801,000	55,477,260
	Retained Earnings	**(57,367)**	**(3,973,245)**	(79,808)	(5,527,506)
		1,723,633	**119,378,815**	721,192	49,949,754
2.	**Current Liabilities**				
	Accounts Payable to Suppliers	**1,369,881**	**94,877,946**	984,014	68,152,835
	Bank Loan	**363,147**	**25,151,574**	161,977	11,218,535
	Other accounts payable	**87,095**	**6,032,202**	17,505	1,212,403
		1,820,123	**126,061,722**	1,163,497	80,583,772
	Total Sources of Funds	**3,543,756**	**245,440,537**	1,884,689	130,533,526

Note:

a) The company has no revaluation reserve and no statutory reserve
b) Misc. Expenses to the extent not written off consist of start up cost

Profit & Loss Account

		01.4.2016 to 31.03.2017 Euro	INR	01.04.2015 to 31.03.2016 Euro	INR
A)	**Revenue**				
	Sponsorship	**4,667,300**	**323,257,198**	3,951,950	273,712,057
	Other Income	**60,920**	**4,219,322**	52,500	3,636,150
	Manufacturing Income	**1,080,242**	**74,817,568**	1,669,905	115,657,635
	Bank Interest	**52**	**3,615**	227	15,714
		5,808,514	**402,297,702**	5,674,582	393,021,556
B)	**Expenses**				
	Material Cost for Races	**2,383,780**	**165,100,606**	2,587,653	179,220,848
	Legal & Professional Charges	**1,879,636**	**130,183,598**	1,392,906	96,472,699
	Travelling Expenses	**327,671**	**22,694,471**	211,542	14,651,424
	Car Rental	**21,487**	**1,488,212**	8,260	572,086
	Telephone & Postal Expense	**6,607**	**457,602**	1,369	94,797
	Rent Expenses	**144,063**	**9,977,826**	248,281	17,195,914
	Transportation Charges	**59,197**	**4,099,996**	43,484	3,011,730
	Repair & Maintenance	**23,707**	**1,641,916**	28,466	1,971,588
	Power & Fuel	**78,187**	**5,415,250**	32,331	2,239,239
	Consumables	**493,031**	**34,147,324**	851,774	58,993,900
	Depreciation	**161,503**	**11,185,720**	55,915	3,872,704
	Bank Charges	**14,901**	**1,032,061**	21,023	1,456,063
	Insurance	**6,282**	**435,108**	15,170	1,050,674
	Audit Fees	**33,755**	**2,337,871**	12,134	840,394
	Miscellaneous Expenses	**100,465**	**6,958,211**	110,821	7,675,471
		5,734,273	**397,155,774**	5,621,131	389,319,531
C)	**Taxes**	**51,799**	**3,587,599**	51,689	3,579,980

Information on the financial instruments issued by the company

The company did not issue any financial instrument.

Information related to the *fair value* of the derived financial instruments

The company does not possess any derived financial instrument.

Information related to operations carried out with related parties

The company has not carried out any operation with related parties.

Information related to agreements not resulting from the balance sheet

The company does not have any agreement that does not result from the balance sheet.

Other information

The Directors receive no compensation for their activity.

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and correspond to the underlying accounting records.

BOARD'S REPORT TO THE SHAREHOLDERS

Your Directors present their Tenth Report together with the audited financial statements of your Company for the year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rupees lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Income	**316.44**	286.50
Profit before Exceptional Item and tax	**60.09**	227.51
(Less): Exceptional Item	**–**	(344.02)
Profit/(Loss) before tax	**60.09**	(116.51)
Provision for taxation for the year	**–**	–
Profit/(Loss) for the year after taxation	**60.09**	(116.51)
Balance of Profit from earlier years	**1731.09**	1847.60
Profit available for appropriation	**1791.18**	1731.09
Appropriations:		
Special Reserve	**12.02**	–
Balance carried to Balance Sheet	**1779.16**	1731.09
Net Worth	**113062.84**	20139.75

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

The profit before tax for the year under review was Rs. 60.09 lakhs, as against a loss of Rs. 116.51 lakhs in the previous year.

During the year, the Company has made investments in shares of several group companies in furtherance of its objectives as the investment arm of the Mahindra group. Your Company also divested some of its shareholdings as and when a review of the portfolio was necessitated.

The Investments held as at 31st March, 2017 are in group companies only.

Dividend

In order to conserve the resource of the Company, your Directors do not recommend dividend for the year under review.

Subsidiaries, Associates and Joint Ventures

The following companies have acquired the status of subsidiaries/associates during the year:

Subsidiaries:

Mahindra Airways Limited (with effect 27th July, 2016)

Mahindra First Choice Wheels Limited (with effect 26th December, 2016)

Mahindra First Choice Services Limited (with effect 29th December, 2016)

Auto Digitech Private Limited (with effect 29th December, 2016)

Mahindra Suryaurja Private Limited (with effect 16th February, 2017)

Associates:

Medwell Ventures Private Limited (with effect 31st March, 2017).

A Report on the performance and financial position of the Subsidiaries, Associates and Joint Venture companies and their contribution to the overall performance of the Company is provided in Form AOC-1 which is attached to the Financial Statements and forms part of this Annual Report.

Merger of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited with the Company

With a view to maintaining a simple corporate structure and eliminating duplicate corporate procedures, your Company has filed an application with the National Company Law Tribunal for the merger of Mahindra Telecommunications Investment Private Limited and Gateway Housing Company Limited into the Company with effect 1st April 2016. The merger is subject to the approval of National Company Law Tribunal and such other approvals as may be required.

Share Capital

During the year under review, the Authorised Share Capital of your Company has, from time to time, been increased from Rs. 19000 lakhs to Rs. 242300 lakhs by creation of additional 223,30,00,000 Equity Shares of Rs. 10 each.

The paid-up share capital of the Company has increased from Rs. 17918.65 lakhs to Rs. 110781.65 lakhs consequent upon the allotment of 92,86,30,000 Equity Shares of Rs. 10 each at par to Mahindra & Mahindra Limited.

Board of Directors

Composition:

Sr. No.	Name of the Director	DIN	Independent/ Non Independent
1.	Mr. Keshub Mahindra	00004489	Non Independent
2.	Mr. Anand Mahindra	00004695	Non Independent
3.	Mr. Bharat Doshi	00012541	Non Independent
4.	Mr. A. K. Nanda	00010029	Non Independent
5.	Mr. M. A. Nazareth	00013337	Non Independent
6.	Mr. Zhooben Bhiwandiwala	00110373	Non Independent
7.	Mr. K. Chandrasekar	01084215	Non Independent
8.	Mr. Haigreve Khaitan	00005290	Independent
9.	Mr. Noshir Dastur (up to 4th May 2017)	00493177	Independent
10.	Ms. Pallavi Kanchan (from 17th June 2016)	07545615	Independent (Woman Director)

Mr. Keshub Mahindra (DIN: 00004489) and Mr. M. A. Nazareth (DIN: 00013337) retire by rotation and,being eligible, offer themselves for re-appointment.

Declaration by Independent Directors

The Company has received declarations from Mr. Haigreve Khaitan and Ms. Pallavi Kanchan, Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Meetings of the Board of Directors

Your Board of Directors met six times during the Financial Year 2016-2017 i.e. 27th May, 2016 (as adjourned), 17th August, 2016, 22nd October, 2016, 9th December, 2016, 23rd December, 2016 and 10th March, 2017.

Number of Meetings attended by each of the Directors is as follows:

Sr. No.	Name of the Director	No. of Meetings attended (out of 6)
1.	Mr. Keshub Mahindra	5
2.	Mr. Anand Mahindra	4
3.	Mr. Bharat Doshi	3
4.	Mr. A. K. Nanda	3
5.	Mr. M. A. Nazareth	5
6.	Mr. Zhooben Bhiwandiwala	2
7.	Mr. Chandrasekar Kandasamy	4
8.	Mr. Noshir Dastur	5
9.	Mr. Haigreve Khaitan	2
10.	Ms. Pallavi Kanchan	4 (out of 5)

Meetings 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 Chairman of the Board and other Directors.

General Meetings

The 9th Annual General Meeting of the Company was held on 9th August, 2016. During the year, Extra-Ordinary General Meetings of the Company were held on 7th June, 2016, 19th August, 2016, 27th October, 2016, 24th December, 2016 and 14th March, 2017.

Directors' Responsibility Statement

Pursuant to section 134(5) 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 have been followed along with proper explanation relating to material departures;

(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 31st March, 2017 and of the profit of the Company for the year ended on that date;

(c) 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) the annual accounts have been prepared on a going concern basis; and

(e) 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

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its Committees and individual Directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

Committees of the Board

Audit Committee

The Audit Committee met three times during the year under review i.e. 27th May, 2016, 23rd December, 2016 and 10th March, 2017.

Number of Meetings attended by each of the Members is as follows:

Sr. No.	Name of the Director	No. of Meetings attended
1.	Mr. Noshir Dastur (Chairman)	3
2.	Mr. Haigreve Khaitan	1
3.	Mr. M. A. Nazareth	2

The Audit Committee was re-constituted by the Board on 23rd May, 2017 pursuant to the resignation of Mr. Noshir Dastur as a Director from the Board of the Company. The Audit Committee currently comprises of:

Ms. Pallavi Kanchan – Chairperson

Mr. Haigreve Khaitan

Mr. M. A. Nazareth

Nomination and Remuneration Committee

The Nomination and Remuneration Committee met once during the year under review i.e. on 6th May, 2016.

Number of Meetings attended by each of the Members is as follows:

Sr. No.	Name of the Director	No. of Meetings attended
1.	Mr. Haigreve Khaitan (Chairman)	1
2.	Mr. Noshir Dastur	1
3.	Mr. Bharat Doshi	0

The Nomination and Remuneration Committee was re-constituted by the Board on 23rd May, 2017 pursuant to the resignation of Mr. Noshir Dastur as a Director from the Board of the Company. The Nomination and Remuneration Committee currently comprises of:

Mr. Haigreve Khaitan – Chairman

Ms. Pallavi Kanchan

Mr. Bharat Doshi

Code of Conduct

Your Company has in place a Code of Conduct for Corporate Governance ("Code") for its Directors. This 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.

Your Company has, for the year under review, received declarations from members of the Board affirming compliance with the Code.

Policy on Appointment of Directors and Senior Management and Policy for Remuneration of the Directors, Key Managerial Personnel and Other Employees

The 'Policy on Appointment of Directors and Senior Management' and a 'Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees' are provided as Annexure I, which forms part of this Report.

Key Managerial Personnel

During the year under review, Mr. Swaminathan Mani ceased to be the Chief Financial Officer of the Company with effect from 30th September, 2016. Mr. Sunil Rane was appointed Chief Financial Officer with effect 22nd October 2016 in the vacancy caused by the resignation of Mr. Swaminathan Mani.

Risk Management Policy

Your Company has in place a Risk Management Policy setting out the objectives and elements of risk management and identifying therein the elements of risk which in the opinion of the Board may threaten the existence of the Company.

Policy for Prevention of Sexual Harassment

The Company is committed to adopt a policy for prevention of sexual harassment at the workplace in accordance with the provisions of The Sexual Harassment of Women at Workplace(Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, no complaint was reported under the Act.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility (CSR) enumerated under section 135 of the Companies Act, 2013 were not applicable to your Company during the year under review.

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

In terms of section 139 of Companies Act, 2013, an Auditor who has completed two terms of five consecutive years is not eligible to be re-appointed as Auditor of the same company for five years from completion of his term.

M/s. Deloitte Haskins & Sells, Vadodara, Chartered Accountants, the retiring Auditors have completed the maximum tenure as Statutory Auditors of the Company as provided under the Companies Act, 2013 and relevant rules thereunder. Your Board wishes to place on record their sincere appreciation for the services rendered by M/s. Deloitte Haskins & Sells, Vadodara during their tenure as Statutory Auditors of the Company.

Your Directors recommend the appointment of M/s. B.S.R. & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company in place of the retiring auditors M/s. Deloitte Haskins & Sells, Vadodara for a period of five years subject to ratification at every 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. B.S.R. & Co. LLP, Chartered Accountants, to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint M/s. B.S.R. & Co. LLP, Chartered Accountants as Statutory Auditors for a period of five years to hold office from the conclusion of forthcoming AGM till the conclusion of the 15th AGM to be held in the year 2022 and to fix their remuneration.

The Auditors' Report for the year under review issued by M/s. Deloitte Haskins & Sells, Vadodara does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Your Directors have appointed Martinho Ferrao & Associates, Company Secretary (Certificate of Practice Number 5676) as Secretarial Auditor of the Company in accordance with section 204 of the Companies Act, 2013.

In terms of the provisions of section 204(1) of the Companies Act, 2013, the Company has annexed with this Board's Report as Annexure II a Secretarial Audit Report for the year under review in the prescribed Form MR – 3.

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 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.

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 Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are furnished in Annexure III to this Report.

Particulars of 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.

During the year under review, your Company had entered into Material Related Party Transactions with Mahindra & Mahindra Limited, the Holding company, details of which, as required to be provided under section 134(3)(h) of the Companies Act, 2013, are disclosed in Form AOC-2 as Annexure IV, which forms part of this Annual Report.

Extract of Annual Return

Pursuant to sections 92(3) and 134(3)(a) 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 at 31st March, 2017 in Form MGT 9 is attached herewith as Annexure V and forms part of this Report.

Internal Financial Controls

The Company has laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

Guidelines of the Reserve Bank of India

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI).

During the year under review, your Company has filed an application with Reserve Bank of India for de-registration of the Company as a Non-Banking Financial Company, consequent to its status as Core Investment Company not requiring registration under the various Directions/Notifications of RBI.

Public Deposits and Loans/Advances

The Company has not accepted any deposits from the public during the year under review.

The particulars of loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the parent company, Mahindra and Mahindra Limited, are furnished in Annexure VI, which forms part of this Report.

General

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

- Issue of equity shares with differential rights as to dividend,voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
- Significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future;
- 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

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

ANNEXURE I TO THE BOARD'S 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 Holdings 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.

"**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 all members of management one level below the executive directors including the functional heads.

APPOINTMENT OF DIRECTORS

- The NRC shall review and assess Board composition and recommend 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 sprit 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.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

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 Holdings Limited.

Policy Statement

We have a well-defined Compensation policy for Directors,Key Managerial Personnel and employees of the Company. The overall compensation philosophy which guides us is that we need to attract and retain high performers by compensating them at levels that are broadly comparable with the competitors 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 ("Committee") 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 Committee 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 Committee 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 the Committee to the Board. The remuneration shall 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 Committee based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be determined by the Board of Directors or by any Director as may be authorized 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. The relationship of their remuneration to performance shall be clear and shall meet the appropriate performance benchmarks.

Employees

We shall benchmark the Compensation structure with relevant players across the industry we operate in depending upon the level in the organization.

We shall 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 may be reviewed once a year. 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 will be decided by any Director of the Company, 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 that may be formulated by the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

ANNEXURE II TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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 Holdings Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Holdings 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 Holdings Limited'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 31st March, 2017**, 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 31st March, 2017 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;- **Not applicable**

(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 as the Company does not have any 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; **Applicable only with respect to shares of the Listed Company(ies) held by the Company**

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Applicable only to the extent of shares held by the Company in Listed Company(ies)**

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable**

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable**

   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 is not listed on any Stock Exchange** 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:

   1. Non Banking Financial (Non Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

   2. Prevention of Money Laundering Act, 2002

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 Stock Exchange(s) and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable as the Company in not listed on any Stock Exchange.**

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.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes that took place in the composition of the Board of Directors during the period under review were in compliance with the provisions of the Act.
2. 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. In case of meetings with shorter notice, the provisions of the Act and Secretarial Standards have been complied with.
3. 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 Company has:

1. increased the authorised share capital of the Company from Rs. 190 crores to Rs. 2423 crores.
2. allotted 92,86,30,000 Equity shares on Rights basis.
3. received the approval of the Board of Directors, in their meeting held on 17th August, 2016, for Amalgamation of Mahindra Telecommunications Investment Pvt. Ltd. (Wholly Owned Subsidiary) & Gateway Housing Company Ltd (Wholly Owned Subsidiary) with the Company.
4. received the approval of the Board of Directors, in their meeting held on 17th June, 2016 for Change in status of the Company to Core Investment Company (CIC).

For **Martinho Ferrao & Associates**
Company secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Dated: May 19, 2017

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

'Annexure A'

To,

The Members,

Mahindra Holdings Limited

Our report 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 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 **Martinho Ferrao & Associates**
Company secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Dated: May 19, 2017

ANNEXURE III TO THE BOARD'S REPORT

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 – Not applicable in view of the nature of activities carried on by the Company.

(ii) the steps taken by the company for utilizing alternate sources of energy - Not applicable in view of the nature of activities carried on by the Company.

(iii) the capital investment on energy conservation equipment - Not applicable in view of the nature of activities carried on by the Company.

(B) Technology absorption

(i) the efforts made towards technology absorption - Not applicable in view of the nature of activities carried on by the Company.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Not applicable in view of the nature of activities carried on by the Company.

(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;

(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; and

– Not applicable in view of the nature of activities carried on by the Company.

(iv) the expenditure incurred on Research and Development.

– Not applicable in view of the nature of activities carried on by the Company.

(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

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

ANNEXURE IV TO THE BOARD'S REPORT

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 —

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2017 are as follows:

Sr. No.	Name(s) of the related party and Nature of relationship	Nature of transaction	Duration of transaction	Salient terms of the transaction including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited, Holding Company	Purchase of Shares of Mahindra First Choice Wheels Limited	26th December, 2016	The transaction was in the ordinary course of business and on arm's length basis. Consideration value - Rs. 32393.67 lakhs	23rd December, 2016	Nil
2.	Mahindra & Mahindra Limited, Holding Company	Purchase of Shares of Mahindra First Choice Services Limited	29th December, 2016	The transaction was in the ordinary course of business and on arm's length basis. Consideration value - Rs. 25900 lakhs	23rd December, 2016	Nil
3.	Mahindra Trucks and Buses Limited, Fellow Subsidiary	Sale of Shares of Resfeber Labs Private Limited	27th March, 2017	The transaction was in the ordinary course of business and on arm's length basis. Consideration value - Rs. 855.65 lakhs	10th March, 2017	Nil

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

ANNEXURE V TO THE BOARD'S REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017

[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**	U65993MH2007PLC175649
ii)	**Registration Date**	2nd November 2007
iii)	**Name of the Company**	Mahindra Holdings 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 - 400 018. Tel.: 022-2490 5968
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	Investments in group companies	6420	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 Address: Gateway Building, Apollo Bunder, Mumbai – 400001	L65990MH1945PLC004558	Holding Company	100.00	2(46)
2.	Gateway Housing Company Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U60231MH1996PLC100436	Subsidiary Company	100.00	2(87)(ii)
3.	Mahindra Susten Private Limited Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74990MH2010PTC207854	Subsidiary Company	100.00	2(87)(ii)
4.	Mahindra Renewables Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40300MH2010PTC205946	Subsidiary Company	100.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5.	Brightsolar Renewable Energy Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40108MH2013PTC250683	Subsidiary Company	100.00	2(87)(ii)
6.	Cleansolar Renewable Energy Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40108MH2013PTC250684	Subsidiary Company	100.00	2(87)(ii)
7.	Divine Solren Private Limited** Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74120MH2015PTC264259	Subsidiary Company	100.00	2(87)(ii)
8.	Neo Solren Private Limited** Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U74999MH2015PTC266154	Subsidiary Company	100.00	2(87)(ii)
9.	Marvel Solren Private Limited** Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U74120MH2015PTC269074	Subsidiary Company	100.00	2(87)(ii)
10.	Astra Solren Private Limited** Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U74120MH2015PTC269256	Subsidiary Company	100.00	2(87)(ii)
11.	MachinePulse Tech Private Limited** Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U72300MH2017PTC271679	Subsidiary Company	100.00	2(87)(ii)
12.	Mahindra Suryaurja Private Limited** Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40103MH2012PTC226016	Subsidiary Company	100.00	2(87)(ii)
13.	Auto Digitech Private Limited*** Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U29253MH2009PTC196365	Subsidiary Company	100.00	2(87)(ii)
14.	Mahindra Integrated Business Solutions Private Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74999MH2011PTC212468	Subsidiary Company	100.00	2(87)(ii)
15.	Mahindra Telecommunications Investment Private Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U63040MH1993PTC070642	Subsidiary Company	100.00	2(87)(ii)
16.	Mahindra First Choice Wheels Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U64200MH1994PLC083996	Subsidiary Company	46.76	2(87)(i)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
17.	Mahindra First Choice Services Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U35999MH2008PLC180385	Subsidiary Company	100.00	2(87)(ii)
18.	Mahindra Airways Limited Address: Mahindra Towers, Pandurang Budhkar Marg, Nr. Doordarshan Kendra, Worli, Mumbai – 400018	U62100MH2016PLC284135	Subsidiary Company	100.00	2(87)(ii)
19.	Mahindra Gujarat Tractor Limited Address: Vishwamitri nr Railway Overbridge, Vadodara – 390011	U34100GJ1978PLC003127	Associate Company	49.00	2(6)
20.	Mahindra Automobile Distributor Private Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U34100MH2005PTC153702	Associate Company	21.00	2(6)
21.	Mahindra and Mahindra Contech Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U74140MH1992PLC066606	Associate Company	23.33	2(6)
22.	Mahindra eMarket Limited Address: Mahindra Towers, Worli, Mumbai – 400018	U72900MH2000PLC129103	Associate Company	24.00	2(6)
23.	Mahindra Solar One Private Limited (Joint Venture) Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40101MH2010PTC205236	Associate Company	26.00	2(6)
24.	Medwell Ventures Private Limited Address: 105/C, Shagun Complex, B-93 Swastik Society, C.G. Road, Navrangpura, Ahmedabad – 380009	U85100GJ2014PTC079080	Associate Company	0.32	2(6)

* a subsidiary of Mahindra Susten Private Limited

** a subsidiary of Mahindra Renewables Private Limited

*** a subsidiary of Mahindra First Choice Services 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	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	17,91,86,535	17,91,86,535	100.00	0	110,78,16,535	110,78,16,535	100.00	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0

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	
Sub-total (A)(1):-	0	17,91,86,535	17,91,86,535	100.00	0	110,78,16,535	110,78,16,535	100.00	0
(2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**0**	**17,91,86,535**	**17,91,86,535**	**100.00**	**0**	**110,78,16,535**	**110,78,16,535**	**100.00**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-									
Total Public Shareholding (B) = (B)(1) + (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**17,91,86,535**	**17,91,86,535**	**100.00**	**0**	**110,78,16,535**	**110,78,16,535**	**100.00**	**0**

(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	17,91,86,535	100	0	110,78,16,535	100	0	0
	Total	**17,91,86,535**	**100**	**0**	**110,78,16,535**	**100**	**0**	**0**

(iii) Change in Promoter's 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 – 1st April, 2016	17,91,86,535	100	–	–
2.	Increase - 27th July, 2016 - Allotment of shares on Rights basis	2,00,00,000	100	19,91,86,535	100
3.	Increase - 12th September, 2016 - Allotment of shares on Rights basis	6,05,00,000	100	25,96,86,535	100
4.	Increase - 22nd October, 2016 - Allotment of shares on Rights basis	7,66,00,000	100	33,62,86,535	100
5.	Increase - 28th November, 2016 - Allotment of shares on Rights basis	7,37,10,000	100	40,99,96,535	100
6.	Increase – 9th December, 2016 – Allotment of shares on Rights basis	97,00,000	100	41,96,96,535	100
7.	Increase - 26th December, 2016 - Allotment of shares on Rights basis	85,60,000	100	42,82,56,535	100
8.	Increase - 19th January, 2017 - Allotment of shares on Rights basis	65,10,000	100	43,47,66,535	100
9.	Increase - 21st February, 2017 - Allotment of shares on Rights basis	58,29,40,000	100	101,77,06,535	100
10.	Increase - 28th March, 2017 - Allotment of shares on Rights basis	9,01,10,000	100	110,78,16,535	100
11.	At the end on the year – 31st March, 2017	–	–	110,78,16,535	100

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

Sr. No.	For Each of the Top 10 Shareholders	No of Shares Increase/ Decrease	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

(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 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 & Mahindra Limited jointly with Mr. Bharat Doshi**				
	At the beginning of the year – 1st April, 2016	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):	Nil movement during the year			
	At the end on the year – 31st March, 2017	–	–	1	0.00

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative 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
2.	**Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda**				
	At the beginning of the year – 1st April, 2016	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):	Nil movement during the year			
	At the end on the year – 31st March, 2017	–	–	0	–

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
Indebtedness at the beginning of the year – 1st April, 2016	Nil			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year	Nil			
• Addition				
• Reduction				
Net change				
Indebtedness at the end of the financial year – 31st March, 2017	Nil			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

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
		–	–	–	–	
1.	Gross Salary	Nil				
	(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 a % of Profit – Others, specify	–	–	–	–	–
5.	Others, please specify	–	–	–	–	–
	Total (A)	–	–	–	–	–
	Ceiling as per the Act	–	–	–	–	–

B. Remuneration of other directors:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Haigreve Khaitan	Mr. Noshir Dastur	Ms. Pallavi Kanchan	
1.	Independent Directors				
	• Fee for attending board/committee meetings	60,000	1,40,000	80,000	2,80,000
	• Commission	6,00,000	6,00,000	2,36,712	14,36,712
	• Others, please specify	–	–	–	–
	Total (1)	**6,60,000**	**7,40,000**	**3,16,712**	**17,16,712**
2.	Other Non-Executive Directors	–	–	–	–
	• Fee for attending board/committee meetings	–	–	–	–
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total B = (1+2)	**6,60,000**	**7,40,000**	**3,16,712**	**17,16,712**
	Overall Ceiling as per the Act (Being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)				**82,39,728**

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

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary (Rs. p.a.)	**5,00,000**	**2,00,000**	**2,20,000**	**9,20,000**
	(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 a % of Profit – Others, specify…	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	**5,00,000**	**2,00,000**	**2,20,000**	**9,20,000**

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					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

ANNEXURE VI TO THE BOARD'S REPORT

Particulars of loans/advances etc., required to be disclosed in the annual accounts of the company pursuant to Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the holding company, Mahindra & Mahindra Limited.

Loans and advances in nature of loans to subsidiaries:

(Amount in Rs.)

Name of the Company	Balance as on 31st March, 2017	Maximum outstanding during the year
Auto Digitech Private Limited	–	53,773

Except as indicated above, 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 where there is no repayment schedule or repayment beyond seven years or no interest or interest below what is prescribed under section 186 of the Companies Act, 2013.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 24th May, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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.

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.

In conducting 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 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 obtained by us 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 31st March, 2017, 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.
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, 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.
      (iv) The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.
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 No. 100459)

Mumbai: 24th May, 2017

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 HOLDINGS LIMITED** ("the Company") as of March 31, 2017 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, 2017, 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: 24th May, 2017

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 on the accounts of **MAHINDRA HOLDINGS LIMITED** ("the Company") for the year ended 31st March, 2017)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(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 and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the company.

(vi) The maintenance of cost records has not been prescribed 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, 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 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 March 31, 2017 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 the 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 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 material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has neither paid nor provided managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.

(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 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 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 directors of its holding company, subsidiaries or associates or any persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company was required to and is currently registered under Section 45-IA of the Reserve Bank of India Act, 1934 (RBI Act).

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.117364W)

Ketan Vora
Partner
(Membership No. 100459)

Mumbai: 24th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Notes	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
A. EQUITY AND LIABILITIES:			
1. Shareholders' Funds:			
(a) Share Capital	**2**	**110781.65**	17918.65
(b) Reserves and Surplus	**3**	**2281.19**	2221.10
Share application money pending allotment		**5359.00**	–
2. Current Liabilities:			
(a) Trade Payables	**4**		
(i) Micro & Small Enterprises		**–**	–
(ii) Other than Micro & Small Enterprises		**34.57**	17.54
(b) Other Current Liabilities	**5**	**1.90**	1.54
Total		**118458.31**	20158.83
B. ASSETS:			
1. Non-Current Assets:			
(a) Non-Current Investments	**6**	**117405.48**	19291.51
(b) Long Term Loans and Advances	**7**	**29.06**	29.27
2. Current Assets:			
(a) Current Investments	**8**	**1017.55**	832.61
(b) Cash and Bank Balances	**9**	**6.22**	4.89
(c) Short Term Loans and Advances	**10**	**–**	0.50
(d) Other Current Assets	**11**	**–**	0.05
Total		**118458.31**	20158.83

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : 24th May, 2017

Keshub Mahindra — *Chairman*
A. K. Nanda
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place : Mumbai
Date : 24th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Particulars	Notes	For the year ended 31st March, 2017 Rupees lakhs	For the year ended 31st March, 2016 Rupees lakhs
(I)	**Revenue from Operations**	12	**316.44**	286.50
(II)	**Total Revenue**		**316.44**	286.50
(III)	**Expenses:**			
	Other expenses	13	**256.35**	58.99
(IV)	**Total Expenses**		**256.35**	58.99
(V)	**Profit before Exceptional Item and Tax (III - V)**		**60.09**	227.51
(VI)	**Less: Exceptional Item**	19	**–**	(344.02)
(VII)	**Profit/(Loss) Before Tax (V + VI)**		**60.09**	(116.51)
(VIII)	**Tax Expense:**			
	Current tax for the year		**–**	–
			–	–
(IX)	**Profit/(Loss) for the year (VII - VIII)**		**60.09**	(116.51)
(X)	**Earnings per equity share:**	22		
	(Face Value Rs. 10 per share) (Rupees)			
	Basic/Diluted		**0.02**	(0.09)

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : 24th May, 2017

Keshub Mahindra — *Chairman*
A. K. Nanda
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place : Mumbai
Date : 24th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	Particulars	For the year ended 31st March, 2017 Rupees lakhs	For the year ended 31st March, 2016 Rupees lakhs
A.	**Cash Flow from Operating Activities:**		
	(Loss)/Profit before tax	**60.09**	(116.51)
	Adjustments for:		
	Loss on sale of non-current investment	**5.13**	–
	Interest income	**(0.13)**	(0.55)
	Exceptional items:		
	Loss on sale of non-current investment (Net)	**–**	344.02
	Operating profit before working capital changes	**65.09**	226.96
	Changes in Working Capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Short term loans and advances	**0.50**	–
	Other current assets	**0.05**	50.26
	Adjustments for increase/(decrease) in operating Liabilities:		
	Trade Payables	**17.03**	8.46
	Other current Liabilities	**0.36**	0.95
		17.94	59.67
	Cash generated from operations	**83.03**	286.63
	Income taxes paid (net of refunds)	**0.30**	(0.05)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**83.33**	286.58
B.	**Cash Flow from Investing Activities:**		
	Purchase of long term investments - Subsidiaries	**(98121.76)**	(8366.24)
	Purchase of other long term investments	**(855.65)**	–
	Purchase of current investments	**(1588.02)**	(1065.43)
	Sale of long term investments - Subsidiaries	**–**	571.01
	Sale of other long term investments	**858.32**	–
	Sale of current investments	**1403.07**	311.80
	Interest received	**0.04**	3.07
	NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(98304.00)**	(8545.79)
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Issue of Share Capital	**92863.00**	8260.00
	Share application money pending allotement	**5359.00**	–
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**98222.00**	8260.00
	NET INCREASE IN CASH AND CASH BALANCE (A+B+C)	**1.33**	0.79
	Cash and cash balance at the beginning of the year	**4.89**	4.10
	Cash and cash balance at the end of the year	**6.22**	4.89
	Note: 1		
	Cash and cash balances at the end of the year:		
	Balances with Banks:		
	In current account	**6.22**	4.89
	Cash and Bank Balances (Note 9)	**6.22**	4.89

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : 24th May, 2017

Keshub Mahindra — *Chairman*
A. K. Nanda
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place : Mumbai
Date : 24th May, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) 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, 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 financial statement are consistent with those of 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 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) 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.

(d) Revenue recognition:

(i) Income is accounted on accrual basis.

(ii) Dividend income is accounted for when the right to receive payment is established.

(e) 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 other than units of unquoted mutual fund are valued at cost or fair value whichever is lower, while units of unquoted mutual funds are valued at Net Asset Value declared by the mutual fund.

(f) 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 the timing differences, 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 or carry forward of tax losses are recognised only to the extent that there is virtual certainly supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Minimum Alternative 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 :

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Authorised:		
2,42,30,00,000 **(2016: 19,00,00,000)** Ordinary (Equity) Shares of Rs. 10 each with voting rights	**242300.00**	19000.00
Total	**242300.00**	19000.00
Issued:		
1,16,14,06,535 **(2016: 17,91,86,535)** Ordinary (Equity) Shares of Rs. 10 each with voting rights	**116140.65**	17918.65
Total	**116140.65**	17918.65
Subscribed and Fully paid-up:		
1,10,78,16,535 **(2016: 17,91,86,535)** Ordinary Equity Shares of Rs. 10 each with voting rights	**110781.65**	17918.65
(All the shares are held by Mahindra & Mahindra Limited (the holding Company))		
Total	**110781.65**	17918.65

(a) The equity shares of the Company, having par value of Rs. 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of shares held by the holding company and its subsidiary:

Particulars	Equity shares with voting rights Number of shares
As at 31 March, 2017	
Mahindra & Mahindra Ltd, the holding company*	1,10,78,16,535
As at 31 March, 2016	
Mahindra & Mahindra Ltd, the holding company*	17,91,86,535

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	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 & Mahindra Limited*	**1,10,78,16,535**	**100%**	17,91,86,535	100%

*Includes 5 shares held jointly with its nominees

(d) 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	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2017			
– Number of shares	17,91,86,535	92,86,30,000	1,10,78,16,535
– Amount (Rs.)	1,79,18,65,350	9,28,63,00,000	11,07,81,65,350
Year ended 31 March, 2016			
– Number of shares	9,65,86,535	8,26,00,000	17,91,86,535
– Amount (Rs.)	96,58,65,350	82,60,00,000	1,79,18,65,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE 3

RESERVES AND SURPLUS:

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Special Reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1934):		
Opening balance	**490.01**	490.01
Add: Transfer from Statement of Profit and Loss	**12.02**	–
Closing balance	**502.03**	490.01
Surplus in Statement of Profit and Loss		
Opening balance	**1731.09**	1847.60
Add/(Less): Profit/(Loss) for the Current Year	**60.09**	(116.51)
Less: Transfer to Special Reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1934)	**12.02**	–
Closing balance	**1779.16**	1731.09
Total	**2281.19**	2221.10

NOTE 4

TRADE PAYABLES:

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer footnote below)	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**34.57**	17.54
Total	**34.57**	17.54

Footnote:

On the basis of information available with the Company, there are no Micro, Small and Medium Enterprises as specified in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues which are outstanding for more than the stipulated period. This has been relied upon by the auditors.

NOTE 5

OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Other payables:		
– Statutory obligations	**1.90**	1.54
Total	**1.90**	1.54

NOTE 6

NON-CURRENT INVESTMENTS:

No of shares	Face Value Per Unit Rupees		As at 31st March, 2017 Rupees lakhs Quoted	As at 31st March, 2017 Rupees lakhs Unquoted	As at 31st March, 2016 Rupees lakhs Quoted	As at 31st March, 2016 Rupees lakhs Unquoted
		Investments (At Cost, unless otherwise specified):				
		a) Investment in Equity Instruments (Trade and fully paid-up unless otherwise specified):				
		i) In Subsidiary Companies:				
–	10	(10,000) Auto Digitech Private Limited	–	–	–	1.00
15,00,000	10	Mahindra Integrated Business Solutions Private Limited	–	**150.00**	–	150.00
13,82,61,728	10	(7,02,71,728) Mahindra Susten Private Limited	–	**43239.66**	–	14759.86
4,66,663	10	Mahindra Telecommunications Investments Private Limited	–	**419.87**	–	419.87
50,000	10	Gateway Housing Company Limited	–	**8.88**	–	8.88
22,50,000	10	Mahindra Airways Limited	–	**225.00**	–	–
26,40,00,000	10	Mahindra First Choice Services Limited	–	**26400.00**	–	–
3,59,49,626	10	Mahindra First Choice Wheels Limited	–	**34662.63**	–	–
			–	**105106.04**	–	15339.61
		ii) In Associate Companies:				
2,66,07,970	10	(74,97,970) Mahindra Gujarat Tractors Limited	–	**1985.98**	–	74.98
2,10,000	10	Mahindra Automobile Distributor Private Limited	–	**220.01**	–	220.01
35,000	10	Mahindra and Mahindra Contech Limited	–	**169.79**	–	169.79
1,91,928	10	Mahindra eMarket Limited	–	**1.19**	–	1.19
100	10	Medwell Ventures Private Limited	–	**6.36**	–	**–**
			–	**2383.33**	–	465.97
		iii) In Joint Venture Company:				
27,81,640	10	Mahindra Solar One Private Limited (Note 15)	–	**2772.64**	–	2772.64
			–	**2772.64**	–	2772.64
		iv) In Other Entities:				
2,31,800	5	Brainbees Solutions Pvt. Ltd	–	**543.26**	–	–
10	10	NBS International Limited	–	**0.03**	–	0.03
10	10	Mahindra Engineering & Chemical Products Limited	–	**0.01**	–	0.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

No of shares	Face Value Per Unit Rupees		As at 31st March, 2017 Rupees lakhs Quoted	As at 31st March, 2017 Rupees lakhs Unquoted	As at 31st March, 2016 Rupees lakhs Quoted	As at 31st March, 2016 Rupees lakhs Unquoted
19,748	5	PSL Media & Communications Limited ...	–	**0.01**	–	0.01
–	10	(10,003) The Indian & Eastern Engineer Co. Pvt. Ltd	–	–	–	1.50
–	10	(2,090) Trade Wings Limited	–	–	6.30	–
2,01,904	5	Tech Mahindra Limited	**535.63**	–	535.63	–
			535.63	**543.31**	541.93	1.55
		b) Investment in Preference Shares (Trade and fully paid-up unless otherwise specified):				
		i) In Subsidiary:				
1,71,000	100	7% Non Cumulative Redeemable Preference Shares of Gateway Housing Company Limited	–	**171.00**	–	–
4,086	10	0.01% Optionally Convertible Redeemable Preference Shares Auto Digitech Private Limited	–	**650.08**	–	–
			–	**821.08**	–	171.00
		II) In Associate Company:				
82,486	2,000	Series B Compulsory Convertible Preference Shares of Medwell Ventures Private Limited	–	**5243.64**	–	–
			–	**5243.64**	–	–
		c) In Trust Securities (Unquoted, Other than trade):				
		Sunrise Initiatives.....	–	**1.00**	–	1.00
			–	**1.00**	–	1.00
		Total.....	**535.63**	**116871.03**	541.93	18751.77
		Less: Provision for diminution in value of investments	–	**(1.19)**	–	(2.19)
			535.63	**116869.84**	541.93	18749.58
		Total Non-Current Investments (Net).....		**117405.48**		19291.51
		Note: Previous year's shareholding are given in bracket.				
		Aggregate Value of Quoted Investments		**535.63**		541.93
		Aggregate Market Value of Quoted Investments		**927.95**		962.36
		Aggregate Market Value of Quoted Investments		**116869.85**		18749.58

NOTE 7

LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Advance Income-tax (net of provision for tax)	**29.06**	29.27
Total.....	**29.06**	29.27

NOTE 8

CURRENT INVESTMENTS:

Number of units	Face Value Per Unit Rupees	Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
		Investment in Mutual Fund (Unquoted, fully paid, At Net Asset Value):		
1,40,438	100	(3,31,963) Birla Sun Life Floating Rate Fund Short Term -Daily dividend-Re-investment	**140.47**	332.15
21,882	100	(46,957) Birla Sun Life Cash Plus - Daily dividend-Regular Plan	**21.91**	47.05
8,54,076	100	(1,50,985) ICICI Prudential Money Market Fund -Daily dividend-Re-investment.....	**855.17**	151.18
–	1,000	(4,084) LIC Nomura -Daily MF liquid fund plan	–	44.84
–	1,000	(25,652) UTI Money Market Fund - Institutional Plan daily dividend plan	–	257.39
			1017.55	832.61
		Aggregate amount of Unquoted Investments	**1017.55**	832.61

Note: Previous year's holding is given in bracket.

NOTE 9

CASH AND BANK BALANCES:

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Balances with Banks:		
In current account	**6.22**	4.89
Total.....	**6.22**	4.89

Note:

Disclosure for specified Bank Notes (SBNs)

Particulars	SBNs	Other denomination notes	(Rupees) Total
Closing cash in had as on November 8, 2016			
(+) Permitted receipts	**–**	**–**	–
(–) Permitted payments.....	**–**	**–**	–
(–) Amount deposited in Banks	**–**	**–**	–
Closing cash in had as on December 30, 2016.....	**–**	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE 10

SHORT TERM LOANS AND ADVANCES:

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
Loans and Advances to Related Parties (Refer Note.18):		
Unsecured, considered good	–	0.50
Note: The loan of Rs.0.50 lakhs was given for the purpose of working capital. The tenure of the loan was 18 months. Interest was @ 9% per annum.		
Total	–	0.50

NOTE 11

OTHER CURRENT ASSETS:

Particulars	As at 31st March, 2017 Rupees lakhs	As at 31st March, 2016 Rupees lakhs
(a) Others:		
Interest accrued on loan	–	0.05
Total	–	0.05

NOTE 12

REVENUE FROM OPERATIONS:

Particulars	For the year ended 31st March, 2017 Rupees lakhs	For the year ended 31st March, 2016 Rupees lakhs
a) Dividend Income:		
i) from current investments		
others (Mutual Fund)	**24.04**	19.44
ii) from long-term investments		
Subsidiaries	**20.25**	15.00
Others	**272.02**	251.51
b) Interest Income	**0.13**	0.55
Total	**316.44**	286.50

NOTE 13

OTHER EXPENSES:

Particulars	For the year ended 31st March, 2017 Rupees lakhs	For the year ended 31st March, 2016 Rupees lakhs
Payment to statutory auditors:		
For audit fees	**3.00**	3.00
For other services	**2.50**	0.38
Service tax on the above	**0.84**	0.43
Legal & professional charges	**16.14**	16.00
Stamp duty & registration charges	**211.05**	36.76
Professional tax	**0.03**	0.03
Loss on sale of non-current investments	**5.13**	–
Miscellaneous expenses	**17.66**	2.39
Total	**256.35**	58.99

NOTE 14

Schedule to the Balance Sheet of a non - deposit taking non-banking financial company [as required in terms of paragraph 18 of Master Direction Non-Banking Financial Company- Systemically Important Non Deposit taking and Deposit taking (Reserve Bank) Directions, 2016]

Particulars	(Rs. in lakhs) As at March, 31 2017		(Rs. in lakhs) As at March, 31 2016	
Liabilities side:				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	**Amount Outstanding**	**Amount overdue**	Amount Outstanding	Amount overdue
(a) Debentures:				
Secured	–	–	–	–
Unsecured (other than falling within the meaning of public deposits)	–	–	–	–
(b) Deferred Credits	–	–	–	–
(c) Term Loans	–	–	–	–
(d) Inter-corporate loans and borrowing	–	–	–	–
(e) Commercial Paper	–	–	–	–
(f) Other Loans (specify nature)	–	–	–	–
Assets side:				
	Amount outstanding		Amount outstanding	
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]				
(a) Secured	–		–	
(b) Unsecured	–		0.50	
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities.				
(i) Lease assets including lease rentals under sundry debtors:				
(a) Financial lease	–		–	
(b) Operating lease	–		–	
(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) Loan where assets have been repossessed	–		–	
(b) Loans other than (a) above	–		–	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	(Rs. in lakhs) As at March, 31 2017	(Rs. in lakhs) As at March, 31 2016
(4) Break-up of Investments:		
Current Investments:		
1. Quoted:		
(i) Shares :		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Others (please specify)	–	–
2. Unquoted:		
(i) Shares:		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	1017.55	832.61
(iv) Government Securities	–	–
(v) Others (please specify)	–	–
Long Term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	**535.63**	541.93
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Others (please specify)	–	–
2. Unquoted:		
(i) Shares:		
(a) Equity	**110804.12**	18577.58
(b) Preference	**6064.72**	171.00
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Others (please specify)	–	–
– Trust Securities	**1.00**	1.00

(5) Borrower group-wise classification of all leased assets, stock- on-hire and loans and advances:

(Rs. in lakhs)

Category	As at March, 31 2017 Amount net of provisions			As at March, 31 2016 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	–	–	–	–	–	–
(b) Companies in the same group	–	–	–	–	–	–
(c) Other related parties	–	–	–	–	–	–
2. Other than related parties	–	–	–	–	–	–
Total	–	–	–	–	–	–

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. In lakhs)

Category	As at March, 31 2017 Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	As at March, 31 2016 Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiary Companies	**105927.12**	**105927.12**	15509.61	15509.61
(b) Associates Companies	**2382.14**	**2382.14**	464.78	464.78
(c) Joint Venture Company	**2772.64**	**2772.64**	2772.64	2772.64
(d) Other related parties	**5786.94**	**5786.94**	1.55	1.55
2. Other than related parties	**927.95**	**536.63**	963.36	542.93
Total	**117796.79**	**117405.47**	19711.94	19291.51

Note: The book value is considered as fair value for the purpose of above calculation for unquoted investments in shares

(7) Other information:

Particulars		
1. Gross Non-Performing Assets		
(a) Related parties	–	–
(b) Other than related parties	–	–
2. Net Non-Performing Assets		
(a) Related parties	–	–
(b) Other than related parties	–	–
3. Assets acquired in satisfaction of debt	–	–

Note: 14(B)

Disclosure of restructured accounts as required Appendix 4 of Master Direction Non-Banking Financial Company- Systemically Important Non Deposit taking and Deposit taking (Reserve Bank) Directions, 2016

(Rupees lakhs)

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1.	Restructured Accounts as on April 1, 2016	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.	Fresh restructuring during the year	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.	Upgradations to restructured standard category during the year	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 the FY and hence need not be shown as restru ctured stand ard advan ces at the beginning of the next FY	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5.	Downgradations 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	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7.	Restructured Accounts as on March 31, 2017	No. of borrowers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Note : The Company has become Systematically Important NBFC from 26th December, 2016. Hence the disclosure under Note 14(B) to 14(E) are given for the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 14 (C)

Disclosures as required in terms of Paragraph 70 of Master Direction Non-Banking Financial Companies – Systemically Important Non-Deposit taking and Deposit taking (Reserve Bank) Directions, 2016.

Capital

Particulars	As at March, 31 2017 Rupees Lakhs
CRAR (%)	61.72
CRAR - Tier I Capital (%)	61.72
CRAR - Tier II Capital (%)	–
Amount of subordinated debt raised as Tier-II capital	–
Amount raised by issue of Perpetual Debt Instruments	–

Investments

Particulars	As at March, 31 2017 Rupees Lakhs
(1) Value of Investments	
(i) Gross Value of Investments	
(a) In India	117406.66
(b) Outside India	–
(ii) Provisions for Depreciation	
(a) In India	1.19
(b) Outside India	–
(iii) Net Value of Investments	
(a) In India	117405.47
(b) Outside India	–
(2) Movement of provisions held towards depreciation on investments	
(i) Opening balance	2.19
(ii) Add: Provisions made during the year	–
(iii) Less: Write-off/write-back of excess provisions during the year	(1.00)
(iv) Closing balance	1.19

Derivatives

The Company has not entered into any Forward rate agreement/Interest rate swap/Exchange traded interest rate derivative transactions during the current year.

Securitisation

The Company has not entered into any Securitisation transactions during the current year.

Note : The Company has become Systematically Important NBFC from 26th December, 2016. Hence the disclosure under Note 14(B) to 14(E) are given for the current year.

14(D) Asset Liability Management - Maturity pattern of certain items of assets and liabilities

(Rupees Lakhs)

Particulars	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	Total
Deposits	–	–	–	–	–	–	–	–	–
Advances	–	–	–	–	–	–	–	–	–
Investments	1017.56	–	0.01	–	–	–	117405.46	–	118423.03
Borrowings	–	–	–	–	–	–	–	–	–
Foreign currency assets	–	–	–	–	–	–	–	–	–
Foreign currency liabilities	–	–	–	–	–	–	–	–	–

Notes:

1) The above statement includes only certain items of assets and liabilities (as stipulated in para 3.5 of Annexure xii of Master Direction Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended) and therefore does not reflect the complete asset liability maturity pattern of the Company.

2) In Computing the above information certain estimates, assumptions and adjustment have been made by the management for its regulatory submission which have been relied upon by the Auditors.

Exposures

A) Exposure to real estate Sector

Category	As at 31st March, 2017 Rupees Lakhs
Direct exposure	
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately)	–
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real-estate (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;	–
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	
a) Residential,	–
b) Commercial Real Estate.	–
Total Exposure to Real Estate Sector	–

B) Exposure to Capital Market

Particulars	As at 31st March, 2017 Rupees
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	117405.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	As at 31st March, 2017
	Rupees
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	–
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–
(vii) bridge loans to companies against expected equity flows/ issues;	–
(viii) all exposures to Venture Capital Funds (both registered and unregistered).....	–

C) Details of financing of parent company product - Nil (Previous year Nil)

D) Details of single borrower limit (SGL)/group borrower limit (GBL) exceeded by the Company - Nil (Previous year Nil)

E) Unsecured Advances (including investments) - Nil (Previous year Nil)

Note: The Company has become Systematically Important NBFC from 26th December, 2016. Hence the disclosure under Note 14(B) to 14(E) are given for the current year.

14(E) Miscellaneous details

Particulars	As at 31st March, 2017
(i) Registration/licence/authorisation, by whatever name called, obtained from other financial sector regulators.....	NA
(ii) Ratings assigned by credit rating agencies and migration of ratings during the year.....	NA
(iii) Penalties, if any, levied by any regulator.....	–
(iv) information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries.....	NA

Additional Disclosures

A) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at 31st March, 2017
	Rupees
Provisions for depreciation on Investment	–
Provision towards NPA	–
Provision made towards Income-tax	–
Other provision and Contingencies:	
Provision for standard assets.....	–
B) Draw down from reserves	–

Concentration of Deposits, Advances, Exposures and NPAs

A) Concentration of advances	
Total advances to twenty largest borrowers.....	–
Percentage of advances to twenty largest borrowers to total advances of the NBFC	–
B) Concentration of Exposures	
Total advances to twenty largest borrowers/customers.....	–
Percentage of exposures to twenty largest borrowers/customers to total exposures of the NBFC on borrower/customers.....	–
C) Concentration of NPAs	
Total exposure to top four NPA accounts.....	–
D) Sector-wise NPAs	
Sector	
1) Agriculture and allied activities.....	–
2) MSME	–
3) Corporate borrowers.....	–
4) Services	–
5) Unsecured personal loans.....	–
6) Auto loans	–
7) Other personal loans	–

Movement of NPAs

Particulars	As at 31st March, 2017
	Rupees
(i) Net NPAs to Net Advances (%)	
(ii) Movement of NPAs (Gross)	
(a) Opening balance.....	–
(b) Additions during the year	–
(c) Reductions during the year	–
(d) Closing balance	–
(iii) Movement of Net NPAs	
(a) Opening balance.....	–
(b) Additions during the year	–
(c) Reductions during the year	–
(d) Closing balance	–
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)	
(a) Opening balance.....	–
(b) Provisions made during the year	–
(c) Write-off/write-back of excess provisions.....	–
(d) Closing balance	–

Disclosure of Complaints

(a) No. of complaints pending at the beginning of the year ...	–
(b) No. of complaints received during the year.....	–
(c) No. of complaints redressed during the year	–
(d) No. of complaints pending at the end of the year	–

Note : The Company has become Systematically Important NBFC from 26th December, 2016. Hence the disclosure under Note 14(B) to 14(E) are given for the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

15. The Company has pledged as a co-obligant, to the lenders of Mahindra Solar One Private Limited, 14,18,636 (2016: 14,18,636) shares held by it in Mahindra Solar One Private Limited to secure loans obtained by Mahindra Solar One Private Limited.

16. The Company has issued a Letter of Comfort for Rs.700 lakhs (2016: Rs. 700 lakhs) to Tata Capital Financial Services Pvt. Ltd for banking facility it has offered to Mahindra Solar One Pvt. Ltd.

17. SEGMENT INFORMATION:

The Company operates in a single reportable segment namely investing activity.

18. RELATED PARTY TRANSACTIONS:

(a) List of Related Parties:

Holding Company: Mahindra & Mahindra Limited

(i) **Related Parties where control exists:**

Subsidiary Companies:
- Mahindra Integrated Business Solutions Private Limited
- Mahindra Telecommunications Investments Private Limited
- Gateway Housing Company Limited.
- Mahindra First Choice Services Limited
- Mahindra First Choice Wheels Limited
- Mahindra Airways Limited
- Mahindra Susten Private Limited.
- Auto Digitech Private Limited - (Wholly owned subsidiary of Mahindra First Choice Services Limited)
- Mahindra Renewables Private Limited – (Wholly owned subsidiary of Mahindra Susten Private Limited.)
- MachinePulse Tech Private Limited – (Wholly owned subsidiary of Mahindra Renewables Private Limited)
- Cleansolar Renewable Energy Private Limited - (Wholly owned subsidiary of Mahindra Renewables Private Limited) Brightsolar Renewable Energy Private Limited - (Wholly owned subsidiary of Mahindra Renewables Private Limited) Neo Solren Private Limited – (Wholly owned subsidiary of Mahindra Renewables Private Limited)
- Marvel Solren Private Limited – (Wholly owned subsidiary of Mahindra Renewables Private Limited)
- Divine Solren Private Limited – (Wholly owned subsidiary of Mahindra Renewables Private Limited)
- Astra Solren Private Limited – (Wholly owned subsidiary of Mahindra Renewables Private Limited)
- Mahindra Suryaurja Private Limited – (Wholly owned subsidiary of Mahindra Renewables Private Limited)

(ii) **Name of related parties where transactions have taken place during the year:**

Fellow Subsidiary: Mahindra Trucks and Buses Limited

Associate Companies: Mahindra Automobile Distributor Private Limited

Mahindra Gujarat Tractors Limited

Associate of Holding Company: Tech Mahindra Limited

Relative of Director: Mrs. Anuradha Mahindra

(b) Related Party Transactions are as under:

(Rs. in lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Relative of Director
(A) Investments –Subscribed/ Purchased:						
(a) Auto Digitech Private Limited	–	650.08	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(b) Mahindra Susten Private Limited.....	–	28479.80	–	–	–	–
	(–)	(8359.87)	(–)	(–)	(–)	(–)
(c) Mahindra Airways Limited.....	–	225.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(d) Mahindra & Mahindra Limited.....	58293.67	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(e) Mahindra First Choice Services Limited.....	–	500.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(f) Mahindra Gujarat Tractors Limited.....	–	–	1911.00	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(B) Investments - Sales:						
(a) Mahindra First Choice Services Limited *(Re.1/-).....	–	*	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(b) Mrs.Anuradha Mahindra.....	–	–	–	–	–	1.00
	(–)	(–)	(–)	(–)	(–)	(–)
(c) Mahindra Trucks and Buses Limited.....	–	–	–	–	855.65	–
	(–)	(–)	(–)	(–)	(–)	(–)
(C) Investments Balances:						
(a) Auto Digitech Private Limited	–	650.08	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(b) Mahindra Susten Private Limited.....	–	43239.66	–	–	–	–
	(–)	(14759.86)	(–)	(–)	(–)	(–)
(c) Mahindra Airways Limited.....	–	225.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(d) Mahindra First Choice Services Limited.....	–	26400.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Relative of Director
(e) Mahindra First Choice Wheels Limited.....	–	34662.63	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(f) Mahindra Gujarat Tractors Limited.....	–	–	1985.98	–	–	–
	(–)	(–)	(74.97)	(–)	(–)	(–)
(g) Medwell Venture Private Limited	–	–	5250.00	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(h) Brainbees Solutions Private Limited.....	–	–	–	543.26	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(D) Dividend Received:						
(a) Mahindra Integrated Business Solutions Private Limited.....	–	20.25	–	–	–	–
	(–)	(15.00)	(–)	(–)	(–)	(–)
(b) Tech Mahindra Ltd.....	–	–	–	24.22	–	–
	(–)	(–)	(–)	(12.11)	(–)	(–)
(c) Mahindra Automobile Distributor Private Limited .	–	–	247.80	–	–	–
	(–)	(–)	(239.40)	(–)	(–)	(–)
(E) Loans and Advances:						
(a) Auto Digitech Private Limited.....	–	–	–	–	–	–
	(–)	(0.50)	(–)	(–)	(–)	(–)
(F) Interest Income:						
(a) Auto Digitech Private Limited.....	–	0.04	–	–	–	–
	(–)	(0.05)	(–)	(–)	(–)	(–)
(G) Receiving of services:						
(a) Mahindra & Mahindra Limited.....	15.41	–	–	–	–	–
	(14.85)	(–)	(–)	(–)	(–)	(–)
(H) Outstandings - Payable:						
(a) Mahindra & Mahindra Limited.....	14.07	–	–	–	–	–
	(13.55)	(–)	(–)	(–)	(–)	(–)
(I) Issue of shares:						
(a) Mahindra & Mahindra Limited.....	92863.00	–	–	–	–	–
	(8260.00)	(–)	(–)	(–)	(–)	(–)
(J) Share applicaton money pending allotment:						
(a) Mahindra & Mahindra Limited.....	5359.00	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)

Note: Previous year figures are given in brackets.

19. EXCEPTIONAL ITEMS:

During the previous year ended 31st March, 2016, the Company has sold its Non Current Investments as a part of reorganisation within the group based on external valuation. The Company has incurred net loss on such transactions as below.

Particulars	Rs. in lakhs
Profit on sale of Non Current Investment in Mahindra Shubhlabh Services Limited (fellow subsidiary)	555.98
Loss on sale of Non Current Investment in Mahindra Namaste Private Limited (subsidiary)	(900.00)
Net Loss on exceptional items	**(344.02)**

20. SCHEME OF ARRANGEMENT:

The Board of Directors of the Company in its meeting held on 17th August, 2016 has approved the merger of its wholly owned subsidiaries, Mahindra Telecommunications Investments Private Limited and Gateway Housing Company Limited, with the Company with effect 1st April, 2016 and has also approved the related Scheme of Merger under sections 391 to 394 of the Companies Act 1956/related provisions of the Companies Act 2013. The Company is in the process of taking necessary steps for obtaining requisite approvals (shareholders/creditors/authorities/Honorable High Court/National Company Law Tribunal) as may be required for implementation of the Scheme, pending which no adjustments have been made in these financial statements.

21. CORE INVESTMENT COMPANY:

The Board of Directors of the Company in their Board Meeting held on 27th May, 2016 have decided to de-register the Company as NBFC ND.

The Company meets all criteria specified in the regulatory framework for its status to be considered as that of a "Core Investment Company (CIC)". The Company on 22nd July, 2016 has made an application to Reserve Bank of India to grant permission for change in status of the Company to that of a "Core Investment Company". The Company is still awaiting the approval from Reserve Bank of India.

22. EARNINGS PER SHARE:

	2017	2016
Profit/(Loss) for the year (Rs. lakhs) (Amount used as numerator)	**60.09**	(116.51)
Weighted Average number of equity shares for Basic Earnings per share	**35,47,33,987**	13,40,23,147
Nominal Value per Equity Share (in Rs.).....	**10.00**	10.00
Basic and Diluted Earnings per Equity Share (in Rs.)	**0.02**	(0.09)

23. JOINT VENTURES DISCLOSURE:

Mahindra Solar One Private Limited (MSOPL) is a 26% Joint Venture of the Company. Mahindra Suryaprakash Private Limited (MSPPL) is subsidiary of MSOPL. The disclosures in (ii) below have been made on the basis of audited consolidated Financial Statements of MSOPL.

(i) Jointly Controlled Entities are:

Name of the Entity	Country of Incorporation	% of Ownership Interest as at 31st March	
		2017	2016
(a) Mahindra Solar One Private Limited	India	**26.00%**	26.00%
(b) Mahindra Suryaprakash Private Limited.....	India	**18.17%**	18.17%

(ii) The Company's share of each of the Assets, Liabilities, Income and Expenses with respect to its interest in these Jointly Controlled Entities are:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

		2017 (Rs. in lakhs)	2016 (Rs. in lakhs)
I.	**ASSETS**		
1.	Tangible assets	**9156.69**	9957.16
2.	Capital work-in-progress	**116.72**	116.72
3.	Non-current investments	**0.13**	0.13
4.	Long-term loans and advances	**524.51**	76.78
5.	Cash and cash equivalents	**1495.26**	1625.05
6.	Short-term loans and advances	**18.26**	19.48
7.	Other current assets	**165.47**	156.37
II.	**LIABILITIES**		
1.	Long-term borrowing	**5842.27**	4898.62
2.	Deferred Tax Liabilities		–
3.	Other Long Term Liabilities	**619.62**	130.00
4.	Long-term provisions	**0.35**	0.14
5.	Short-term borrowings	**7.80**	119.03
6.	Trade payables	**238.57**	156.10
7.	Other current liabilities	**895.48**	951.45
8.	Short-term provisions	**0.68**	0.22
III.	**INCOME**	**1813.05**	1826.47
IV.	**EXPENDITURE**		
1.	Employee benefits expense	**4.08**	2.98
2.	Finance costs	**460.73**	550.02
3.	Depreciation expense	**614.48**	648.56
4.	Other expenses	**680.53**	483.45

		2017 (Rs. in lakhs)	2016 (Rs. in lakhs)
V.	**Other matters**		
1.	Contingent Liabilities	**3.11**	3.11
2.	Capital Commitments	**–**	–

24. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Keshub Mahindra — *Chairman*
A. K. Nanda
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place : Mumbai
Date : 24th May, 2017

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

(Rs. in lakhs)

Sl. No.	Particulars	Auto Digitech Pvt. Ltd	Mahindra Integrated Business Solutions Pvt. Ltd	Mahindra Susten Pvt. Ltd	Mahindra Telecommunications Investments Pvt. Ltd	Gateway Housing Company Limited	Mahindra Airways Limited	Mahindra First Choice Services Limited	*Mahindra First Choice Wheels Limited	@Mahindra Renewables Pvt.Ltd	+Brightsolar Renewable Energy Pvt. Ltd	+Cleansolar Renewable Energy Pvt. Ltd	+Neo Solren Pvt. Ltd	+Marvel Solren Pvt. Ltd	+Divine Solren Pvt. Ltd	+Astra Solren Pvt. Ltd	+Machinepulse Tech Pvt. Ltd	+Mahindra Suryaurja Pvt. Ltd
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017
2	The Date since when Subsidiaries was acquired	9th October, 2009	18th January, 2011	4th March, 2011	29th September, 2011	10th March, 2016	27th July, 2016	26th December, 2016	26th December, 2016	28th July, 2013	3rd December, 2013	3rd December, 2013	1st July, 2015	10th October, 2015	8th May, 2015	14th October, 2015	5th January, 2016	16th February, 2017
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
4	Share Capital	1.41	150.00	13826.17	46.67	5.00	225.00	26400.00	7384.49	27942.46	951.79	962.30	931.50	1.00	1208.00	848.94	5.00	6.00
5	Reserves & Surplus	150.32	593.73	41206.80	659.57	81.22	(141.80)	(27612.08)	(1952.58)	661.79	1046.25	5166.75	5468.84	(2.25)	6168.93	5332.59	(2.33)	(5.67)
6	Total Assets	387.86	743.73	128996.25	715.26	199.21	140.38	2591.39	11300.74	28604.25	8378.68	26262.07	7171.77	1.21	32001.57	43947.18	4.65	5.06
7	Total Liabilities & Equity	387.86	743.73	128996.25	715.26	199.21	140.38	2591.39	11300.74	30525.20	8378.68	26262.07	7171.77	1.21	32001.57	43947.18	4.65	5.06
8	Investments	–	216.44	28592.20	–	–	133.13	–	253.23	28185.55	218.58	–	2071.40	–	–	–	–	–
9	Turnover	0.83	2416.85	125436.63	51.51	14.91	3.12	7914.67	9533.41	183.70	1221.67	2353.05	129.64	–	33.38	75.95	–	–
10	Profit/(Loss) before taxation	(498.09)	210.17	6695.20	47.64	4.48	(141.80)	(4545.02)	(1605.87)	(292.50)	32.96	197.57	(25.74)	(1.51)	(230.86)	(461.66)	(2.33)	(2.68)
11	Provision for taxation	–	56.96	2505.70	14.87	1.43	–	–	(10.15)	20.38	10.18	(59.73)	(44.77)	0.47	58.32	119.96	–	–
12	Profit/(Loss) after taxation	(498.09)	153.21	4189.49	32.77	3.05	(141.80)	(4545.02)	(1616.02)	(272.12)	22.78	137.84	19.03	(1.04)	(172.54)	(341.70)	(2.33)	(2.68)
13	Proposed Dividend	–	22.50	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	% of shareholding	100%	100%	100%	100%	100%	100%	100%	48.68%	100%	100%	100%	100%	100%	100%	100%	100%	100%

@ a subsidiary of Mahindra Susten Private Limited

\+ a subsidiary of Mahindra Renewables Pvt. Ltd.

* Mahindra First Choice wheels Limited, is a 'Board Controlled Subsidiary' of the Company

Keshub Mahindra — *Chairman*

A. K. Nanda
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place : Mumbai
Date : 24th May, 2017

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 "B" : Associate Companies

(Rs. in lakhs)

Sl. No.	Particulars	Mahindra and Mahindra Contech Limited	Mahindra Automobile Distributor Private Limited	Mahindra Gujarat Tractor Limited	Mahindra eMarket Limited (formerly known as Mriyalguda Farm Solution Limited)
1	Latest audited Balance Sheet Date	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017
2	The date since when associates was acquired	26th September, 2013	25th November, 2010	31st January, 2007	5th Feburary, 2015
3	Share of associates companies held by the company on the year end	23.33%	21.00%	49.00%	24.00%
4	No of Equity Share held	35000	210000	26607970	191928
5	Amount of Investment in associate companies	169.79	220.01	1985.98	1.19
6	Extent of Holding %	23.33%	21.00%	49.00%	24.00%
7	Description of how there is significant influence	–	–	–	–
8	Reason why the associate companies is not consolidated	NA	NA	NA	NA
9	Net worth attributable to shareholding as per latest audited Balance Sheet	254.32	473.13	1283.89	(0.86)
10	Profit/(Loss) for the year	21.92	283.81	(261.17)	0.14
11	Considered in Consolidation	–	–	–	–
12	Not Considered in Consolidation	–	–	–	–

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 "B" : Joint Ventures

(Rs. in lakhs)

Sl. No.	Particulars	Mahindra Solar One Private Limited
1	Latest audited Balance Sheet Date	31st March, 2017
2	The date since when Joint venture was acquired	22nd September, 2010
3	Share of Joint Ventures held by the company on the year end	26%
4	No of Equity Share held	2781640
5	Amount of Investment in Joint Venture	2772.64
6	Extent of Holding %	26%
7	Description of how there is significant influence	–
8	Reason why the joint venture is not consolidated	NA
9	Net worth attributable to shareholding as per latest audited Balance Sheet	2876.62
10	Profit/(Loss) for the year	25.52
11	Considered in Consolidation	–
12	Not Considered in Consolidation	–

Keshub Mahindra — *Chairman*

A. K. Nanda
M. A. Nazareth
K. Chandrasekar
Pallavi Kanchan } *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Anita Halbe — *Company Secretary*

Place : Mumbai
Date : 24th May, 2017

CORPORATE DATA

	Date of appointment
DIRECTORS:	
Zhooben Bhiwandiwala	27 April 2005
Kandasamy Chandrasekar	21 June 2013
Zakir Hussein Niamut	05 February 2013
Teemulsingh Luchowa	21 February 2014
Veena Kunniah	21 February 2014

ADMINISTRATOR, SECRETARY, REGISTRAR & MAURITIAN TAX AGENT	:	International Financial Services Limited IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius
REGISTERED OFFICE	:	IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius
AUDITORS	:	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius
BANKERS	:	HSBC Bank (Mauritius) Limited State Bank of India, South Africa Kutxabank, Spain Bank of Tokyo-Mitsubishi UFJ, Ltd
CUSTODIAN	:	Fineco Bank, Spain

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present the audited financial statements of Mahindra Overseas Investment Company (Mauritius) Ltd (the "Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out in this Report. All directors served in office during the year.

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 applicable accounting standards 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 are prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of 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.

CONSOLIDATION

Consolidated financial statements have not been presented since the Company took advantage of the requirements of Section 12 Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 as the Company is a wholly-owned subsidiary of Mahindra & Mahindra Ltd, a company incorporated in the Republic of India.

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 Overseas Investment Company (Mauritius) Ltd** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2017.

For International Financial Services Limited
Secretary

Registered Office:
IFS Court, Bank Street
TwentyEight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 19 May 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD**, the "Company", which comprise the statement of financial position as at 31 March 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages here give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Impairment of investments

We draw attention on the recoverable amount of investments held in several unquoted companies as described in Note 25 to the financial statements. These investments are stated at their carrying amounts as the fair values cannot be reliably measured. However, based on available valuation models, the directors have assessed whether these investments showed signs of impairment and concluded that they reflect their recoverable amounts at the reporting date.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of Directors section, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of 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 it appears from our examination of those records.

Other Matter

Our report is made solely to the member 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 member those matters we are required to state to it 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 member 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: 19 May 2017
Ebene 72201, Republic of Mauritius

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
INCOME					
Dividend income		**9,433,352**	**612,035,878**	4,570,530	296,535,986
		9,433,352	**612,035,878**	4,570,530	296,535,986
EXPENSES					
Professional fees		**84,623**	**5,490,341**	63,138	4,096,394
Repairs and maintenance		**43,814**	**2,842,652**	38,797	2,517,149
Depreciation	9	**35,386**	**2,295,844**	35,385	2,295,779
Audit fees		**21,700**	**1,407,896**	18,951	1,229,541
Bank charges		**10,409**	**675,336**	7,666	497,370
Licence fees		**3,350**	**217,348**	2,700	175,176
Insurance charges		**1,206**	**78,245**	705	45,740
		200,488	**13,007,662**	167,342	10,857,149
OPERATING PROFIT		**9,232,864**	**599,028,216**	4,403,188	285,678,837
Impairment of investments	11,12 &13	**(30,697,765)**	**(1,991,670,993)**	–	–
Finance income	20.1	**2,740,228**	**177,785,993**	520,658	33,780,291
Finance costs	20.2	**(4,534,969)**	**(294,228,789)**	(4,780,746)	(310,174,800)
(LOSS)/PROFIT BEFORE TAX		**(23,259,642)**	**(1,509,085,573)**	143,100	9,284,328
Tax expense	8	**(1,218,347)**	**(79,046,353)**	(885,178)	(57,430,349)
LOSS FOR THE YEAR		**(24,477,989)**	**(1,588,131,926)**	(742,078)	(48,146,021)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	**–**	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(24,477,989)**	**(1,588,131,926)**	(742,078)	(48,146,021)

The notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
ASSETS					
Non-current					
Property, plant and equipment	9	**1,342,190**	**87,081,287**	1,377,576	89,377,131
Investments in associate	10	**150,454,820**	**9,761,508,722**	131,161,644	8,509,767,463
Investments in subsidiaries	11	**86,161,018**	**5,590,126,848**	34,687,794	2,250,544,075
Investment in joint venture	12	**13,476,429**	**874,350,714**	39,745,429	2,578,683,434
Available-for-sale financial assets	13	**2,551,445**	**165,537,752**	18,894,141	1,225,851,868
Loans	14	**–**	**–**	575,490	37,337,791
Derivative financial instruments	17	**1,827,830**	**118,589,610**	–	–
Non-current assets		**255,813,732**	**16,597,194,933**	226,442,074	14,691,561,762
Current					
Loans	14	**2,218,391**	**143,929,208**	99,241	6,438,756
Prepayments		**6,538**	**424,185**	8,199	531,950
Cash and cash equivalents	15	**2,039,715**	**132,336,709**	3,034,682	196,890,168
Current assets		**4,264,644**	**276,690,102**	3,142,122	203,860,874
Total assets		**260,078,376**	**16,873,885,035**	229,584,196	14,895,422,636
EQUITY AND LIABILITIES					
Equity					
Stated capital	16	**130,439,209**	**8,462,895,880**	115,487,709	7,492,842,560
Accumulated losses		**(57,762,597)**	**(3,747,637,293)**	(33,284,608)	(2,159,505,367)
Total equity		**72,676,612**	**4,715,258,587**	82,203,101	5,333,337,193
Liabilities					
Non-current					
Derivative financial instruments	17	**90,027**	**5,840,952**	–	–
Borrowings	18	**185,663,474**	**12,045,846,193**	15,092,107	979,175,902
Non-current liabilities		**185,753,501**	**12,051,687,145**	15,092,107	979,175,902
Current					
Derivative financial instruments	17	**–**	**–**	161,689	10,490,382
Borrowings	18	**665,807**	**43,197,558**	130,703,733	8,480,058,197
Payables and accruals	19	**982,456**	**63,741,745**	1,423,566	92,360,962
Current liabilities		**1,648,263**	**106,939,303**	132,288,988	8,582,909,541
Total liabilities		**187,401,764**	**12,158,626,448**	147,381,095	9,562,085,443
Total equity and liabilities		**260,078,376**	**16,873,885,035**	229,584,196	14,895,422,636

Approved by the Board of Directors on 19 May 2017 and signed on its behalf by:

Zakir Hussein Niamut
Director

Teemulsingh Luchowa
Director

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital	Accumulated losses	Total
	USD	USD	USD
Balance at 01 April 2015	101,539,039	(32,542,530)	68,996,509
Issue of shares	13,948,670	–	13,948,670
Transactions with the owner	13,948,670	–	13,948,670
Loss for the year	–	(742,078)	(742,078)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(742,078)	(742,078)
Balance at 31 March 2016	115,487,709	(33,284,608)	82,203,101
Balance at 01 April 2016	**115,487,709**	**(33,284,608)**	**82,203,101**
Issue of shares	**14,951,500**	**–**	**14,951,500**
Transactions with the owner	**14,951,500**	**–**	**14,951,500**
Loss for the year	**–**	**(24,477,989)**	**(24,477,989)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**(24,477,989)**	**(24,477,989)**
Balance at 31 March 2017	**130,439,209**	**(57,762,597)**	**72,676,612**

	Stated capital	Accumulated losses	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2015	6,587,852,850	(2,111,359,346)	4,476,493,504
Issue of shares	904,989,710	–	904,989,710
Transactions with the owner	904,989,710	–	904,989,710
Loss for the year	–	(48,146,021)	(48,146,021)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(48,146,021)	(48,146,021)
Balance at 31 March 2016	7,492,842,560	(2,159,505,367)	5,333,337,193
Balance at 01 April 2016	**7,492,842,560**	**(2,159,505,367)**	**5,333,337,193**
Issue of shares	**970,053,320**	**–**	**970,053,320**
Transactions with the owner	**970,053,320**	**–**	**970,053,320**
Loss for the year	**–**	**(1,588,131,926)**	**(1,588,131,926)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**(1,588,131,926)**	**(1,588,131,926)**
Balance at 31 March 2017	**8,462,895,880**	**(3,747,637,293)**	**4,715,258,587**

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Operating activities				
(Loss)/profit before tax	**(23,259,642)**	**(1,509,085,573)**	143,100	9,284,328
Adjustments for:				
Net fair value gains on derivative financial instruments	**(1,899,492)**	**(123,239,041)**	(396,073)	(25,697,216)
Impairment of investments	**30,697,765**	**1,991,670,993**	–	–
Depreciation	**35,386**	**2,295,844**	35,385	2,295,779
Amortisation of transaction costs	**97,974**	**6,356,553**	–	–
Interest income	**(38,240)**	**(2,481,011)**	(14,975)	(971,578)
Interest expense	**3,871,032**	**251,152,556**	3,946,390	256,041,783
Dividend income	**(9,433,352)**	**(612,035,878)**	(4,570,530)	(296,535,986)
Foreign exchange differences	**(615,963)**	**(39,963,679)**	–	–
	(544,532)	**(35,329,236)**	(856,703)	(55,582,890)
Changes in working capital:				
Decrease/(increase) in prepayments	**1,661**	**107,765**	(5,162)	(334,911)
(Decrease)/increase in payables and accruals	**(441,110)**	**(28,619,217)**	689,281	44,720,551
Net cash used in operations	**(983,981)**	**(63,840,688)**	(172,584)	(11,197,250)
Interest paid	**(2,972,333)**	**(192,844,965)**	(3,092,262)	(200,625,959)
Tax paid	**(1,218,347)**	**(79,046,353)**	(885,178)	(57,430,349)
Net cash used in operating activities	**(5,174,661)**	**(335,732,006)**	(4,150,024)	(269,253,558)
Investing activities				
Purchase of investments	**(58,321,989)**	**(3,783,930,646)**	(12,466,376)	(808,818,475)
Convertible promissory notes	**(800,000)**	**(51,904,000)**	–	–
Dividend received	**9,433,352**	**612,035,878**	4,570,530	296,535,986
Net cash used in investing activities	**(49,688,637)**	**(3,223,798,768)**	(7,895,846)	(512,282,489)
Financing activities				
Loan repaid to shareholder	**–**	**–**	(717,200)	(46,531,936)
Loans repaid to banks	**(154,367,000)**	**(10,015,330,960)**	–	–
Loans received from banks	**194,379,119**	**12,611,317,241**	–	–
Proceeds from issue of shares	**14,951,500**	**970,053,320**	13,948,670	904,989,710
Loan granted to related party	**(1,235,900)**	**(80,185,193)**	(659,756)	(42,804,969)
Net cash from financing activities	**53,727,719**	**3,485,854,408**	12,571,714	815,652,805
Net change in cash and cash equivalents	**(1,135,579)**	**(73,676,366)**	525,844	34,116,758
Cash and cash equivalents, beginning of year	**3,034,682**	**196,890,168**	2,440,418	158,334,320
Exchange differences on cash and cash equivalents	**140,612**	**9,122,907**	68,420	4,439,090
Cash and cash equivalents, end of year	**2,039,715**	**132,336,709**	3,034,682	196,890,168
Cash and cash equivalents made up of:				
Cash at bank (Note 15)	**2,039,715**	**132,336,709**	3,034,682	196,890,168

The notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Overseas Investment Company (Mauritius) Ltd (the "Company") was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 7 December 2004 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 purpose of the Company is to act as an investment holding company. The Company holds property, plant and equipment in the Republic of South Africa. In accordance with South African tax regulations, the Company has been registered as an external company.

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

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 64.88 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2016 and 31 March 2017.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised standards that are effective for the year beginning on 01 April 2016

In the current year, 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 2016:

IAS 1	Disclosure Initiative (Amendments to IAS 1)
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 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 IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
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

The directors have assessed the impact of these revised standards and amendments and concluded that only IAS 1, *Disclosure Initiative* (Amendments to IAS 1) has an impact on the disclosure 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

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

IFRS 16	Leases
IAS 40	Transfers of Investment Property (Amendments to IAS 40)
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers
IAS 7	Disclosure Initiative (Amendments to IAS 7)
IAS 12	Recognition of Deferred Tax Asset for Unrealised Losses (Amendments to IAS 12)
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
IFRS 1/IFRS 12 and IAS 28	Annual Improvements to IFRSs 2014-2016

The Company has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

(b) Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis unless collectability is in doubt.

(c) Expenses

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

(d) Taxation

Tax expense recognised in the statement of profit or loss and other 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 periods, 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.

(e) Property, plant and equipment

Building and furnitures and fittings are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Building and furniture and fittings are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual values.

The following average useful lives are applied:

Building: 60 years

Furnitures and fittings: 10 years

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. The gain or loss on disposal is credited or charged to the statement of profit or loss and other comprehensive income.

(f) Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Overseas Investment Company

(Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

(g) Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

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

(h) Investment in associate and joint venture

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investment in associate and joint venture are initially shown at cost in these separate financial statements in accordance with *IAS 28, Investments in Associates and Joint Ventures*. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

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

(i) 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 instruments and are measured initially at fair value adjusted by transactions costs, where appropriate. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset 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 expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when 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 which are described below.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

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 loans and cash and cash equivalents fall into this category of financial instruments.

Individually significant loans are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

The Company's available-for-sale financial assets comprise of minority shareholding investments in an unquoted company, preference shares/common stock in several unquoted companies and funds invested in film productions (as disclosed in Note 13 to these financial statements).

These financial assets are stated at cost less impairment charges as their fair values cannot be estimated reliably since they are neither traded in an active market nor reliable inputs are available to fair value these instruments using fair valuation models. Impairment charges are recognised in the statement of profit or loss and other comprehensive income. On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

Classification and subsequent measurement financial liabilities

The Company's financial liabilities consist of derivative financial instruments, borrowings, payables and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of profit or loss and other comprehensive income.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

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.

The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

(j) 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.

(k) Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses include all current and prior years' results as disclosed in the statement of profit or loss and other comprehensive income.

(l) 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.

(m) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. The Company has also presented the financial statements in Indian Rupee ('INR") for the convenience of users of financial statements.

(ii) 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 remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit or loss and other 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.

(n) 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.

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 profit or loss and other 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.

(o) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and amortised over the terms of the borrowings.

(q) Comparatives

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

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

The following is the significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements.

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.

Investments in associates

The directors have assessed the level of influence that the Company has on CIE Automotive S.A, The East India Company Group Limited and Scoots Network, Inc. and determined that it has significant influences even though the shareholdings are below 20% due to the representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates.

Investment in joint venture

The Company holds 51% of the shares in its joint arrangement. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Company's joint arrangement is structured as a limited company (Mahindra Yueda (Yancheng) Tractor Co., Ltd) and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the arrangement is classified as joint venture.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities income and expenses is provided below. Actual results may be substantially different.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuers. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques the independent valuers makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

Impairment of investments in associates, joint venture, subsidiaries and available-for-sale financial assets

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest

rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts of only three investments have suffered an impairment in value at the reporting date.

Impairment losses on loans to related/third parties

The Company reviews its loans to related/third parties at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Useful lives and residual values of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its 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.

	2017 USD	**2017 INR (Note 1)**	2016 USD	2016 INR (Note 1)
Financial assets				
Non-current				
Available-for-sale financial assets:				
Investments	**2,551,445**	**165,537,752**	18,894,141	1,225,851,868
Loans and receivables:				
Loans	**–**	**–**	575,490	37,337,791
Financial assets at fair value through profit or loss:				
Derivative financial instruments	**1,827,830**	**118,589,610**	–	–
Current				
Loans and receivables:				
Loans	**2,218,391**	**143,929,208**	99,241	6,438,756
Cash and cash equivalents	**2,039,715**	**132,336,709**	3,034,682	196,890,168
	4,258,106	**276,265,917**	3,133,923	203,328,924
Total financial assets	**8,637,381**	**560,393,279**	22,603,554	1,466,518,583
Financial liabilities				
Non-current				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	**90,027**	**5,840,952**	–	–
Financial liabilities measured at amortised cost:				
Borrowings	**185,663,474**	**12,045,846,193**	**15,092,107**	**979,175,902**
Current				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	**–**	**–**	161,689	10,490,382
Financial liabilities measured at amortised cost:				
Borrowings	**665,807**	**43,197,558**	130,703,733	8,480,058,197
Payables and accruals	**982,456**	**63,741,745**	1,423,566	92,360,962
	1,648,263	**106,939,303**	**132,127,299**	**8,572,419,159**
Total financial liabilities	**187,401,764**	**12,158,626,448**	147,381,095	9,562,085,443

The Company's risks are managed by its Board of Directors and the focus is on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

(a) Market risk analysis

Market risk is specifically comprised of currency risk and interest rate risk, which result from both its operating and investing activities. The Company is exposed to market risk through its use of financial instruments.

(i) 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 currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets 2017	**Financial liabilities 2017**	Financial assets 2016	Financial liabilities 2016
	USD	**USD**	USD	USD
United States Dollar (USD)	**6,315,472**	**158,167,190**	6,699,702	144,485,302
Euro (EUR)	**1,050,868**	**26,533,899**	1,023	–
Great Britain Pound (GBP)	**1,240,695**	**2,700,675**	15,893,176	2,895,793
South African Rand (ZAR)	**30,346**	–	9,653	–
	8,637,381	**187,401,764**	22,603,554	147,381,095

	Financial assets 2017	**Financial liabilities 2017**	Financial assets 2016	Financial liabilities 2016
	INR (Note 1)	**INR (Note 1)**	INR (Note 1)	INR (Note 1)
United States Dollar (USD)	**409,747,823**	**10,261,887,287**	434,676,666	9,374,206,394
Euro (EUR)	**68,180,316**	**1,721,519,367**	66,372	–
Great Britain Pound (GBP)	**80,496,292**	**175,219,794**	1,031,149,259	187,879,049
South African Rand (ZAR)	**1,968,848**	–	626,286	–
	560,393,279	**12,158,626,448**	1,466,518,583	9,562,085,443

The Company's transactions are carried out in the United States Dollar (USD), Euro (EUR), Great Britain Pound (GBP) and South African Rand (ZAR). Consequently, the Company is exposed to foreign currency risk on its financial liabilities and financial assets denominated in EUR, GBP and ZAR except for the available-for-sale financial assets which are measured at cost and therefore not retranslated at the reporting date.

The table below illustrates the sensitivity of loss and equity in regards to the Company's financial instruments and the USD/EUR, USD/GBP, and USD/ZAR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates:

	2017 % change	2016 % change
EUR	**5%**	5%
GBP	**15%**	3%
ZAR	**11%**	18%

These percentages have 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 each reporting date.

If the foreign currencies had strengthened by the above percentages, then this would have the following impact on loss and equity:

	Loss 2017		Loss 2016	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**1,491,670**	**96,779,550**	(51)	(3,309)
GBP	**219,451**	**14,237,981**	86,874	5,636,385
ZAR	**(3,452)**	**(223,966)**	(1,738)	(112,761)

	Equity 2017		Equity 2016	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**(1,491,670)**	**(96,779,550)**	51	3,309
GBP	**(219,451)**	**(14,237,981)**	(86,874)	(5,636,385)
ZAR	**3,452**	**223,966**	1,738	112,761

If the foreign currencies had weakened by the above percentages, then this would have the same reverse impact on loss and equity.

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to changes in market interest rates as its interest bearing financial assets and financial liabilities have fixed interest rates.

The bank borrowings which are at variable interest rates indexed to the LIBOR have been converted into fixed interest bearing financial liabilities since the Company entered into fixed interest rate swap arrangements. Details of the interest rate swap arrangements are disclosed in Note 17.

(b) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge on 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:

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS				
Non-current				
Available-for-sale financial assets	**2,551,445**	**165,537,752**	18,894,141	1,225,851,868
Loans	**–**	**–**	575,490	37,337,791
Derivative financial instruments	**1,827,830**	**118,589,610**	–	
	4,379,275	**284,127,362**	19,469,631	1,263,189,659
Current				
Loans	**2,218,391**	**143,929,208**	99,241	6,438,756
Cash and cash equivalents	**2,039,715**	**132,336,709**	3,034,682	196,890,168
	4,258,106	**276,265,917**	3,133,923	203,328,924
Total assets	**8,637,381**	**560,393,279**	22,603,554	1,466,518,583

As detailed in Note 13 to these financial statements, the Company holds investments in several unquoted companies and these investments are stated at cost since the fair values cannot be reliably measured. The directors have assessed the recoverable amount of these investments and confirmed that only the investment in Prana Holdings, Inc was impaired at the reporting date.

During the year under review, the Company has given an additional loan to a related party and the directors believe that the total loans receivable from the related/third parties are not exposed to any credit risk.

The credit risk for the bank balances and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The disposal of the investments is subject to some restrictions as described in Note 13 (vi) to these financial statements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(c) Liquidity risk analysis

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from the shareholder.

The Company's main cash inflows are in the form of dividend, interest on loans and proceeds from issue of shares. The main cash outflows relate to repayment of loans and interest and capital investments.

The Company's liquidity risk is managed by securing credit facilities from financial institutions and also through shares issue. The Company also seeks financial support of its parent company where necessary.

The Company also manages its liquidity needs by carefully monitoring cash inflows and cash outflows due in day-to-day business as well as scheduled debt servicing payments for long-term financial liabilities.

At 31 March 2017, the Company has contractual maturities which are summarised below:

	Current		Non-current	
	Within 1 year	**Within 1 year**	Over 1 year	Over 1 year
	USD	**INR (Note 1)**	USD	INR (Note 1)
Derivative financial instruments	–	–	90,027	5,840,952
Borrowings	**665,807**	**43,197,558**	185,663,474	12,045,846,193
Payables and accruals	**982,456**	**63,741,745**	–	–
Total	**1,648,263**	**106,939,303**	185,753,501	12,051,687,145

This compares to the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Current		Non–current	
	Within 1 year	**Within 1 year**	Over 1 Year	Over 1 Year
	USD	**INR (Note 1)**	USD	INR (Note 1)
Derivative financial instruments	**161,689**	**10,490,382**	–	–
Borrowings	**130,703,733**	**8,480,058,197**	15,092,107	979,175,902
Payables and accruals	**1,423,566**	**92,360,962**	–	–
Total	**132,288,988**	**8,582,909,541**	15,092,107	979,175,902

(d) Concentration risk

The Company has invested in unlisted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investments existed. However the directors consider these investments to be strategic and the concentration risk in manageable.

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 which the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis at 31 March 2017:

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets				
Interest rate swaps	–	**1,827,830**	–	**1,827,830**
Financial liabilities				
Interest rate swaps	–	**(90,027)**	–	**(90,027)**
Net fair value	–	**1,737,803**	–	**1,737,803**

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2016:

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial liabilities				
Interest rate swaps	**–**	**161,689**	–	161,689

There were no transfers between level 1 and level 2 in 2017 or 2016.

The method used for the purpose of measuring fair value are detailed below:

Interest rate swaps (Level 2)

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of property, plant and equipment, investments in associates, investments in subsidiaries, investment in joint venture and prepayments, for which fair value measurement is not applicable since these are 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 its ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, 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.

The details of the gearing ratio are disclosed as follows:

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
Total borrowings[(i)]	**186,329,281**	**12,089,043,751**	145,795,840	9,459,234,099
Less: cash and cash equivalents	**(2,039,715)**	**(132,336,709)**	(3,034,682)	(196,890,168)
Net debt	**184,289,566**	**11,956,707,042**	142,761,158	9,262,343,931
Total equity[(ii)]	**72,676,612**	**4,715,258,587**	82,203,101	5,333,337,193
Total capital	**256,966,178**	**16,671,965,629**	224,964,259	14,595,681,124
Gearing ratio(%)	**72%**	**72%**	63%	63%

(i) Borrowings include all short-term and long-term borrowings as detailed in Note 18.

(ii) Equity includes capital and reserves.

(iii) The Company has a gearing ratio of **72%** (2016: 63%) at the reporting date and the directors consider that this level of gearing is reasonable taking into account the Company's business activities.

8. TAXATION

(i) Income tax

As a tax resident in the Republic of Mauritius, the Company expects to obtain benefits under the double taxation treaty between the Republic of India and the Republic of Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in the Republic of India. However, investments in shares acquired up to 31 March 2017 will remain exempted from capital gains tax in the Republic of India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March

2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in the Republic of Mauritius.

Disposal of investments made by a Mauritius company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in the Republic of India.

As per the revised DTAA, interest arising in Republic of India to Mauritian residents will be subject to withholding tax in Republic of India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.

The Company has received tax residence certificates from the Mauritian authorities that it 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 tax treaties between the Republic of Mauritius and the Republic of India, the Republic of Mauritius and the People's Republic of China, the Republic of Mauritius and the Republic of Singapore and the Republic of Mauritius and the Republic of South Africa.

At 31 March 2017, the Company had no income tax liability during the year ended review.

(ii) Deferred tax

Deferred tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2017, the Company utilised part of prior year losses to be netted off against this year's chargeable income and the balance of tax losses have been carried forward to be netted off against any future taxable profits.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
(Loss)/profit before tax	**(23,259,642)**	**(1,509,085,573)**	143,100	9,284,328
Tax calculated at the rate of 3%	**(697,789)**	**(45,272,550)**	4,293	278,530
Capital allowances	**(2,373)**	**(153,960)**	(2,430)	(157,649)
Items outside taxation scope	**(75,482)**	**(4,897,272)**	(8,823)	(572,428)
Unauthorised deductions	**181,041**	**11,745,940**	–	–
Non-allowable expenses	**943,897**	**61,240,037**	41,318	2,680,724
Exempt income	**(90,630)**	**(5,880,074)**	–	–
Deferred tax asset not recognised	**(258,664)**	**(16,782,121)**	(34,358)	(2,229,177)
Tax charge	–	–	–	–

(iii) Withholding tax

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
Withholding tax paid	**1,218,347**	**79,046,353**	885,178	57,430,349

At the reporting date, a withholding tax of 19% was charged on dividend received from CIE Automotive S.A (Note 10), a quoted company incorporated in Spain. The withholding tax is in line with tax rates currently prevailing in Spain.

9. PROPERTY, PLANT AND EQUIPMENT

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Building	**Furnitures & Fittings**	**Total**
	USD	**USD**	**USD**
Gross carrying amount			
Balance at 01 April 2016 and 31 March 2017	**1,430,606**	**115,430**	**1,546,036**
Depreciation			
Balance at 01 April 2016	**113,474**	**54,986**	**168,460**
Charge for the year	**23,842**	**11,544**	**35,386**
Balance 31 March 2017	**137,316**	**66,530**	**203,846**
Carrying amount at 31 March 2017	**1,293,290**	**48,900**	**1,342,190**

	Building	**Furnitures & Fittings**	**Total**
	USD	**USD**	**USD**
Gross carrying amount			
Balance at 01 April 2015 and 31 March 2016	1,430,606	115,430	1,546,036
Depreciation			
Balance at 01 April 2015	89,631	43,444	133,075
Charge for the year	23,843	11,542	35,385
Balance at 31 March 2016	113,474	54,986	168,460
Carrying amount at			
31 March 2016	1,317,132	60,444	1,377,576

	Building	**Furnitures & Fittings**	**Total**
	INR (Note 1)	**INR (Note 1)**	**INR (Note 1)**
Gross carrying amount			
Balance at 01 April 2016 and 31 March 2017	**92,817,717**	**7,489,099**	**100,306,816**
Depreciation			
Balance at 01 April 2016	**7,362,193**	**3,567,492**	**10,929,685**
Charge for the year	**1,546,869**	**748,975**	**2,295,844**
Balance at 31 March 2017	**8,909,062**	**4,316,467**	**13,225,529**
Carrying amount			
31 March 2017	**83,908,655**	**3,172,632**	**87,081,287**

	Building	**Furnitures & Fittings**	**Total**
	INR (Note 1)	**INR (Note 1)**	**INR (Note 1)**
Gross carrying amount			
Balance at 01 April 2015 and 31 March 2016	92,817,717	7,489,099	100,306,816
Depreciation			
Balance at 01 April 2016	5,815,259	2,818,647	8,633,906
Charge for the year	1,546,934	748,845	2,295,779
Balance at 31 March 2016	7,362,193	3,567,492	10,929,685
Carrying amount at			
31 March 2016	85,455,524	3,921,607	89,377,131

10. INVESTMENT IN ASSOCIATE

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
(i) At cost:				
At 01 April	**131,161,644**	**8,509,767,463**	131,161,644	8,509,767,463
Addition (Note 10 (iv))	**3,400,000**	**220,592,000**	–	–
Reclassified from available-for-sale financial assets (Note 13 (iv))	**15,893,176**	**1,031,149,259**	–	–
At 31 March	**150,454,820**	**9,761,508,722**	131,161,644	8,509,767,463

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Class of shares	Country of incorporation	% holding	Cost 2017
				USD
CIE Automotive S.A.	Equity shares	Spain	12.435%	**131,161,644**
The East India Company Group Limited	Equity shares	Jersey	18%	**15,893,176**
Scoots Network, Inc.	Series A Preferred stocks	United States of America	–	**3,400,000**
				150,454,820

(iii) Although the Company has less than 20% shareholdings in these investee companies, the directors assessed the level of influence that the Company has on them and determined that it has significant influence over these investee companies through its representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates and accounted at cost in these separate financial statements.

(iv) During the year under review, the Company acquired 3,816,665 Series A preferred stocks in Scoots Network, Inc. for a total consideration of USD 3,400,000.

(v) At 31 March 2017, the investment in CIE Automotive S.A. had a fair value of USD 318,240,767 based on the closing market price listed on the Madrid Stock Exchange (Bolsa de Madrid), Spain.

(vi) The directors have assessed the recoverable amounts of these investments and confirmed that the cost of investments have not suffered any impairment in value at the reporting date.

(vii) The disposal of the investment held in Scoots Networks, Inc. (the "associate") is restricted as written consent from the associate is required prior to any disposal of shares.

11. INVESTMENTS IN SUBSIDIARIES

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
(i) Unquoted and at carrying amount:				
Balance at 01 April	**34,687,794**	**2,250,544,075**	22,221,418	1,441,725,600
Additions during the year	**54,901,989**	**3,562,041,046**	12,466,376	808,818,475
Impairment of investment	**(3,428,765)**	**(222,458,273)**	–	–
Balance at 31 March	**86,161,018**	**5,590,126,848**	34,687,794	2,250,544,075

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Country of incorporation	% holding	Carrying amount 2017	Carrying amount 2016
			USD	USD
Equity shares				
Mahindra - BT Investment Company (Mauritius) Limited	Republic of Mauritius	57%	**6,771,600**	6,771,600
Mahindra Graphics Research Design S.r.l.	Republic of Italy	100%	**3,590,851**	3,590,851
Mahindra Europe S.r.l.	Republic of Italy	100%	**4,136,634**	4,136,634
Mahindra Racing UK Limited	United Kingdom	100%	**33,700**	33,700
Mahindra Tractor Assembly, Inc	United States of America	100%	**43,210,000**	15,610,000
Mahindra Emirates Vehicle Armouring FZ-LLC	United Arab Emirates	51%	**1,394,034**	1,394,034
Mahindra Racing S.r.l.	Republic of Italy	100%	**2,022,838**	955,725
Mahindra International UK Limited	United Kingdom	100%	–	2,195,250
Origin Fruit Direct Holding BV	Netherlands	60%	**4,558,821**	–
Hisarlar Makine Sanayi ve Ticaret Anonim irketi	Turkey	75.07%	**20,442,540**	–
Total			**86,161,018**	34,687,794

(iii) During the year under review, the following transactions took place:

(a) The Company made additional equity investments amounting to USD 27,600,000, USD 1,067,113 and USD 1,233,515 in Mahindra Tractor Assembly, Inc, Mahindra Racing S.r.l and Mahindra International UK Limited respectively.

(b) The Company acquired 75.07% of the share capital of Hisarlar Makine Sanayi ve Ticaret Anonim irketi by subscribing to 1,420,000,000 equity shares for a total consideration of TRY 71,000,000 equivalents to USD 19,566,616. The Company also incurred transaction costs amounting to USD 875,924 in respect of this investment which has been capitalised at the reporting date.

(c) The Company acquired 18,834 equity shares in Origin Fruit Direct Holding BV ("OFD") representing 60% shareholding in OFD for a consideration of EUR 4,317,883 equivalent to USD 4,558,821.

(iv) The directors have assessed the recoverable amounts of the investments in subsidiaries and confirm that the carrying amount of the above investments have not suffered any impairment in value at the reporting date, except for Mahindra International UK Limited, a company incorporated in the United Kingdom, where the investment was fully impaired.

(v) The disposals of the following investments described in Note 11 (ii) above are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Mahindra – BT Investment Company (Mauritius) Limited	As detailed in the Share Subscription Agreement signed between the Company, Mahindra – BT Investment Company (Mauritius) Limited and BT Holdings Limited on 23 June 2005.
Mahindra Europe S.r.l.	As detailed in the Credit Agreement with EXIM Bank and prior approval of Unicredit Bank and San Paolo Bank have to be obtained before any disposal of shares held.
Mahindra Graphics Research Design S.r.l., Mahindra Racing S.r.l. and Mahindra Emirates Vehicle Armouring FZ-LLC	Board approval is required prior to any disposal of shares held.

(vi) The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The proportions of the voting rights in the subsidiaries held directly by the Company do not differ from the proportion of ordinary shares held.

12. INVESTMENT IN JOINT VENTURE

	2017	2017	2016	2016
(i) Unquoted and at cost:	**USD**	**INR (Note 1)**	USD	INR (Note 1)
Balance at 1 April	**39,745,429**	**2,578,683,434**	39,745,429	2,578,683,434
Impairment	**(26,269,000)**	**(1,704,332,720)**	–	–
Balance at 31 March	**13,476,429**	**874,350,714**	39,745,429	2,578,683,434

(ii) Details pertaining to the investment are as follows:

Name of joint venture	Class of shares	Country of incorporation	% held	Cost 2017	Cost 2016
				USD	**USD**
Mahindra Yueda (Yancheng) Tractor Co., Ltd	Equity shares	People's Republic of China	51%	13,476,429	39,745,429

(iii) The Company holds 51% of the shareholding of its joint arrangement. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Company's joint arrangement is structured as a limited company (Mahindra Yueda (Yancheng) Tractor Co., Ltd) and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the arrangement is classified as joint venture.

(iv) The directors have assessed the recoverable amount of the investment and concluded that this investment is impaired by USD 26,269,000 during the year.

(v) The disposal of investment is restricted as board approval is required prior to any disposal of shares held in Mahindra Yueda (Yancheng) Tractor Co., Ltd.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2017	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Unquoted and at carrying amount:				
Balance at 01 April	**18,894,141**	**1,225,851,868**	18,894,141	1,225,851,868
Addition during the year	**20,000**	**1,297,600**	–	–
Impairment during the year	**(1,000,000)**	**(64,880,000)**	–	–
Reclassified to investments in associates (Note 13 (iv))	**(15,893,176)**	**(1,031,149,259)**	–	–
Conversion of loan into shares (Note 14 (iii))	**530,480**	**34,417,543**	–	–
Balance at 31 March	**2,551,445**	**165,537,752**	18,894,141	1,225,851,868

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee companies	Country of incorporation	% holding	Cost 2017	Cost 2016
			USD	USD
Equity shares				
The East India Company Group Limited	Jersey	–	**–**	15,893,176
ZOOMIN PTE. LTD	Republic of Singapore	0.04%	**44**	44
Mahindra Do Brasil Industrial, Ltda.	Brazil	0.27%	**20,000**	–
Preference shares/ common stock				
Cleartrip Inc	Cayman Islands	0.95%	**1,046,155**	1,046,155
D.Light Design Inc	Cayman Islands	2.34%	**508,778**	508,778
Prana Holdings, Inc	United States of America	3.7%	**441,607**	1,441,607
ZOOMIN PTE. LTD	Republic of Singapore	4.36%	**4,380**	4,380
Cloudleaf, Inc.	United States of America	11.6%	**530,480**	–
Other				
Chartoff – Tempest Productions, LLC	–	–	**1**	1
Total			**2,551,445**	18,894,141

(iii) During the year under review, the Company acquired 64,150 quotas in Mahindra Do Brasil Industrial, Ltda. for a total consideration of BRL 64,150 equivalents to USD 20,000.

(iv) During the year, the Company reassessed the level of influence it has on The East India Company Group Limited ("EICG") and concluded that this investment should be reclassified from available-for-sale financial asset to investment in associate since the Company now exercises significant influence over EICG through its representation on the board of directors and participation in policy-making processes. Consequently, the investment in EICG is classified as "Investments in associates" in accordance with IAS 28, *Investments in Associates and Joint Ventures*.

(v) The directors have assessed the recoverable amounts of the investments and confirmed that the carrying amount of these investments has not suffered any impairment in value at the reporting date, except for the investment in Prana Holdings, Inc which has been impaired by USD 1,000,000.

(vi) The disposals of the following investments described in Note 13 (ii) above are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Cleartrip Inc	As detailed in the Amended and Restated Right of First Refusal and Co-Sale Agreement, the 'Agreement', dated 31 December 2007, the Seller must comply with the provisions of sections 2, 3 and 4 of the Agreement.
Prana Holdings, Inc and D.Light Design Inc	Board approval is required prior to any disposal of shares held.

14. LOANS

	2017	2017	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
Non-current				
Loans to third parties	**–**	**–**	575,490	37,337,791
Current				
Loan to third party	**167,351**	**10,857,733**	99,241	6,438,756
Loans to related party	**2,051,040**	**133,071,475**	–	–
Total	**2,218,391**	**143,929,208**	674,731	43,776,547

(i) The movement during the year on the loans given to third/related parties is as follows:

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Balance at 01 April	**674,731**	**43,776,547**	–	
Loans given to:				
Cloudleaf, Inc.	**–**	**–**	500,000	32,440,000
Prana Holdings Inc.	**–**	**–**	159,756	10,364,969
The East India Company Group Limited (Note 14 (iii))	**1,235,900**	**80,185,193**	–	–
Scoots Network, Inc. (Note 14 (iii))	**800,000**	**51,904,000**	–	–
Interest income	**38,240**	**2,481,011**	14,975	971,578
Conversion of loan into shares (Note 13 & 14 (iii))	**(530,480)**	**(34,417,543)**	–	–
Balance at 31 March	**2,218,391**	**143,929,208**	674,731	43,776,547

(ii) The unsecured loans of USD 63,258 and USD 104,093 to Prana Holdings, Inc carry interests at the rates of 0.48% and 5% per annum respectively and are receivable on demand.

(iii) The interest-bearing loan of USD 530,480, inclusive of interest, receivable from Cloudleaf, Inc. during the year under review was converted into 499,049 Series A Preference shares pursuant to a Series A Preferred Stock Purchase agreement dated March 2017. The Company holds less than 20% shareholding in Cloudleaf, Inc. and therefore the investment was classified as an available-for-sale financial asset (Note 13) in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

(iv) During the year under review, the following transactions took place:

(a) The Company granted an unsecured loan of USD 1,235,900 to The East India Company Group Limited which carries interest at the rate of 8% per annum and receivable within 6 months.

(b) Pursuant to a Note Purchase Agreement (the "Agreement") dated 31 January 2017, the Company acquired Secured Convertible Promissory Notes (the "Notes") amounting to USD 800,000 out of USD 2,720,000 in Scoots Network, Inc., which carry interest at the rate of 8% per annum and will mature on or after 30 September 2017. However, if the Notes have not been paid in full, then the entire outstanding principal balance and all unpaid accrued interest of each Note shall automatically be converted in whole without any further action by the holder thereof into such Equity Securities at the Conversion Price per share as defined in the Agreement. Subsequent to the reporting date, Scoots Network, Inc. issued additional Notes to the Company and amounting to USD 1,040,000.

(iii) The directors have assessed the recoverability of the loans/notes and confirmed that the carrying values of these loans/notes reflect their recoverable amounts at the reporting date.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Cash at bank:				
– USD	**958,501**	**62,187,545**	3,024,006	196,197,509
– ZAR	**30,346**	**1,968,848**	9,653	626,287
– EUR.....	**1,050,868**	**68,180,316**	1,023	66,372
	2,039,715	**132,336,709**	3,034,682	196,890,168

16. STATED CAPITAL

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Issued and fully paid: 130,439,209 Ordinary shares of USD 1 each (31 March 2016: 115,487,709 Ordinary shares)	**130,439,209**	**8,462,895,880**	115,487,709	7,492,842,560

(i) The movement during the year was as follows:

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
At 01 April	**115,487,709**	**7,492,842,560**	101,539,039	6,587,852,850
Issue of shares during the year	**14,951,500**	**970,053,320**	13,948,670	904,989,710
At 31 March	**130,439,209**	**8,462,895,880**	115,487,709	7,492,842,560

(ii) 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.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Non-current assets				
Interest rate swaps	**1,827,830**	**118,589,610**	–	–
Non-current liabilities				
Interest rate swaps	**(90,027)**	**(5,840,952)**	–	–
Current liabilities				
Interest rate swaps	**–**	**–**	(161,689)	(10,490,382)
Total	**(90,027)**	**(5,840,952)**	(161,689)	(10,490,382)

The Company had entered into interest rate swap agreements to manage interest rate risk exposure.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

As at the reporting date, the fair values of the hedging derivatives have been classified as non-current assets and non-current liabilities since the maturity of the hedged items are more than one year.

The notional principal amount of the outstanding interest rate swaps at 31 March 2017 was USD 170,565,393 (inclusive of a loan of EUR 24 million).

At 31 March 2017, the fixed interest rates and fair values based on the interest rate swaps are as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair Value 2017
	USD				USD
MUFG Securities EMEA Plc	100,000,000	1.90%	12 October 2016	30 September 2019	1,287,929
HSBC Bank (Mauritius) Limited	45,000,000	1.83%			539,901
HSBC Bank (Mauritius) Limited	25,565,393	0.82%	17 March 2017	10 March 2020	(90,027)
	170,565,393				1,737,803

At 31 March 2016, the fixed interest rates and fair values based on the interest rate swaps were as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair Value 2016
	USD				USD
Barclays Bank Plc, London	65,000,000	0.78%	02 October 2013	03 October 2016	(61,773)
Standard Chartered Bank Mauritius Limited	65,000,000	0.86%			(99,916)
	130,000,000				(161,689)

18. BORROWINGS

		2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
(i)	**Non-current**				
	Bank loans	**170,001,884**	**11,029,722,234**	–	–
	Loans from holding company	**15,661,590**	**1,016,123,959**	15,092,107	979,175,902
		185,663,474	**12,045,846,193**	15,092,107	979,175,902
(ii)	**Current**				
	Bank loans	**665,807**	**43,197,558**	130,703,733	8,480,058,197
	Total	**186,329,281**	**12,089,043,751**	145,795,840	9,459,234,099

(iii) The movement during the year on the borrowings was as follows:

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Balance at 01 April	**145,795,840**	**9,459,234,099**	145,590,492	9,445,911,121
Loans repaid during the year:				
Mahindra & Mahindra Ltd	–	–	(717,200)	(46,531,936)
Standard Chartered Bank (Mauritius) Limited	**(65,000,000)**	**(4,217,200,000)**	–	–
Barclays Bank Plc, London	**(65,000,000)**	**(4,217,200,000)**	–	–
Bank of America, N.A	**(5,367,000)**	**(348,210,960)**	–	–
Citibank N.A	**(19,000,000)**	**(1,232,720,000)**	–	–
Loans received during the year:				
Bank of America, N.A	**5,279,000**	**342,501,520**	–	–
Citibank N.A	**19,000,000**	**1,232,720,000**	–	–
HSBC Bank (Mauritius) Limited	**70,761,600**	**4,591,012,608**	–	–
The Bank of Tokyo-Mitsubishi UFJ, Ltd	**100,000,000**	**6,488,000,000**	–	–
Interest element for the year:				
Interest expense	**3,612,369**	**234,370,501**	3,366,760	218,435,389
Interest payment	**(2,689,243)**	**(174,478,086)**	(3,092,262)	(200,625,959)
Loss on interest rate swaps	**258,663**	**16,782,055**	579,630	37,606,394
Interest rate swaps payment	**(283,090)**	**(18,366,879)**	–	–
Transaction costs incurred during the year:				
Transaction costs incurred	**(661,481)**	**(42,916,887)**	–	–
Amortisation of transaction costs	**97,974**	**6,356,553**	–	–
Foreign exchange (gain)/ loss	**(475,351)**	**(30,840,773)**	68,420	4,439,090
Balance at 31 March	**186,329,281**	**12,089,043,751**	145,795,840	9,459,234,099

(iv) The loans from the holding company are unsecured, repayable on demand and with interest ranging from 8.25% to 8.50% per annum. These loans would not be recalled within one year and have therefore been classified as non-current in these financial statements. One of the loans is denominated in GBP and has been translated into the functional currency at the reporting date.

(v) Summary of borrowings arrangements are as follows:

Loan from Standard Chartered Bank (Mauritius) Limited

The bank loan of USD 65 million from Standard Chartered Bank (Mauritius) Limited ("SCB") bearing interest at 3 months LIBOR +1.45% margin per annum has been fully repaid on 03 October 2016 along with interest accrued.

Loan from Barclays Bank Plc, London

The bank loan of USD 65 million from Barclays Bank Plc, London ("Barclays") bearing interest at 3 months LIBOR + 1.40% margin per annum, has been fully repaid on 03 October 2016 along with interest accrued.

The above loans were secured against a Corporate Guarantee of USD 140,000,000 from Mahindra & Mahindra Ltd ("the Guarantor"). In that respect, an annual commission of USD 700,000 was payable to the Guarantor until the loans are repaid. During the year under review, the loans were fully repaid and a commission of USD 353,836 was paid to the guarantor.

Loan from Citibank N.A

On 03 August 2016, the Company borrowed USD 19,000,000 from Citibank N.A which carried interest at USD LIBOR + 65 basis points per annum and repayable within 3 months. The loan along with interest accrued have been fully repaid during the year

Loan from Bank of America, N.A

On 22 February 2017, the Company borrowed EUR 5,000,000 from Bank of America, N.A which carried interest at EURIBOR + 99 basis points per annum and repayable within 1 month. The loan along with interest accrued have been fully repaid during the year.

Loan from The Bank of Tokyo-Mitsubishi UFJ, Ltd

Pursuant to a Facility Agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd dated 2016, the Company borrowed USD 100,000,000 at an interest rate of 3 months LIBOR + 99 basis points per annum, with the LIBOR floored to zero when negative. The loan is unsecured and is repayable on 30 September 2019. The interest is payable on a quarterly basis.

The Company incurred transaction costs of USD 468,608 in respect of this loan and which is amortised over a period of 3 years, which is the tenure of the loan.

Loan from HSBC Bank (Mauritius) Limited ("HSBC")

(a) Pursuant to a Facility Agreement with HSBC dated 2016, the Company borrowed USD 45,000,000 at an interest rate of 3 months LIBOR + 0.82% margin per annum, with the LIBOR floored to zero when negative. The loan is unsecured and is repayable on 30 September 2019. The interest is payable on a quarterly basis.

The Company incurred transaction costs of USD 126,583 in respect of this loan which is amortised over a period of 3 years, which is the tenure of the loan.

(b) Pursuant to a Facility Agreement with HSBC dated 2017, the Company borrowed EUR 24,000,000 at an interest rate of 3 months EURIBOR + 0.82% margin per annum, with the EURIBOR floored to zero when negative. The loan is unsecured and is repayable on 10 March 2020. The interest is payable on a quarterly basis.

The Company incurred transaction costs of USD 66,290 in respect of this loan and which is amortised over a period of 3 years, which is the tenure of the loan.

(iv) The Company has entered into interest rate swap arrangements in respect of its borrowings and during the year, a loss of USD 258,663 (2016: USD 579,630) was incurred on the swap arrangements.

19. PAYABLES AND ACCRUALS

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
Accruals	**497,899**	**32,303,687**	23,566	1,528,962
Commission on corporate guarantee (Note 18 (v))	**–**	**–**	1,400,000	90,832,000
Other payable (Note 19 (i))	**484,557**	**31,438,058**	**–**	**–**
	982,456	**63,741,745**	1,423,566	92,360,962

(i) The amount of USD 484,557 due to the shareholder is unsecured, interest free and repayable on demand.

20. FINANCE INCOME AND FINANCE COSTS

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
20.1 Finance income				
Interest on loans (Note 14)	**27,895**	**1,809,828**	14,975	971,578
Interest on promissory notes (Note 14)	**10,345**	**671,183**		
Foreign exchange gain	**712,469**	**46,224,989**	109,610	7,111,497
Fair value adjustment – Derivative financial instruments	**1,989,519**	**129,079,993**	396,073	25,697,216
	2,740,228	**177,785,993**	520,658	33,780,291

	2017 USD	2017 INR (Note 1)	2016 USD	2016 INR (Note 1)
20.2 Finance costs				
Amortisation of transaction costs (Note 18 (iii))	**97,974**	**6,356,553**	–	–
Interest on borrowings (Note 18)	**3,612,369**	**234,370,501**	3,366,760	218,435,389
Fair value adjustment – Derivative financial instruments	**90,027**	**5,840,952**	–	–
Loss on interest on swaps (Note 18)	**258,663**	**16,782,055**	579,630	37,606,394
Foreign exchange loss	**95,905**	**6,222,316**	101,976	6,616,203
Commission to shareholder for corporate guarantee (Note 18(v))	**353,836**	**22,956,880**	700,000	45,416,000
Depository charges	**26,195**	**1,699,532**	32,380	2,100,814
	4,534,969	**294,228,789**	4,780,746	310,174,800

21. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2017, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	Nature of Transactions	Volume of transactions	Debit/(credit) balances at 31 March 2017	Credit balances at 31 March 2016
		USD	**USD**	USD
Associate	Loan	**1,240,695**	**1,240,695**	–
Associate	Promissory notes	**810,345**	**810,345**	–
Holding company	Borrowings	**569,483**	**(15,661,590)**	(15,092,107)
Holding company	Other payable	**484,557**	**(484,557)**	–
Administrator, Secretary and Mauritian Tax Agent	Professional fees	**65,012**	**(20,000)**	(4,075)

Nature of relationship	Nature of Transactions	Volume of transactions	Debit/(credit) balances at 31 March 2017	Credit balances at 31 March 2016
		INR (Note 1)	**INR (Note 1)**	INR **(Note 1)**
Associate	Loan	**80,496,292**	**80,496,292**	–
Associate	Promissory notes	**52,575,184**	**52,575,184**	–
Holding company	Borrowings	**36,948,057**	**(1,016,123,959)**	(979,175,902)
Holding company	Other payable	**31,438,058**	**(31,438,058)**	–
Administrator, Secretary and Mauritian Tax Agent	Professional fees	**4,217,979**	**(1,297,600)**	(264,386)

The terms and conditions of the balances are stated in Notes 14, 18 and 19 to these financial statements.

22. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it which could have a material adverse effect on its financial position or results.

23. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Company acquired 200,000 common stocks for a total consideration of USD 5,000,000 in Mahindra Automotive North America Inc, a company incorporated in the United States of America.

24. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a quoted company on the National Stock Exchange of India, as the Company's holding company.

25. CARRYING AMOUNTS OF UNQUOTED INVESTMENTS

The Company held investments in several unquoted companies and these investments are stated at their carrying amounts as the fair values cannot be reliably measured. The directors have assessed whether these investments showed signs of impairment and concluded that they reflect their recoverable amounts at the reporting date. Details of these investments as at 31 March 2017 are as follows:

	31 March 2017 Carrying value	
	USD	INR (Note 1)
Investment in associate		
The East India Company Group Limited	**15,893,176**	**1,031,149,259**
Investment in subsidiaries		
Mahindra Graphics Research Design S.r.l.	**3,590,851**	**232,974,413**
Mahindra Europe S.r.l	**4,136,634**	**268,384,814**
Mahindra Emirates Vehicle Armouring FZ-LLC	**1,394,034**	**90,444,926**
Mahindra Racing S.r.l	**2,022,838**	**131,241,729**
Mahindra Racing UK Limited	**33,700**	**2,186,456**
Mahindra Tractor Assembly, Inc	**43,210,000**	**2,803,464,800**
Investment in joint venture		
Mahindra Yueda (Yancheng) Tractor Co., Ltd	**13,476,429**	**874,350,714**
Available-for-sale financial assets		
Cleartrip Inc	**1,046,155**	**67,874,536**
D.Light Design Inc	**508,778**	**33,009,517**
Prana Holdings, Inc	**441,607**	**28,651,462**
Total	**85,754,202**	**5,563,732,626**

MAHINDRA - BT INVESTMENT COMPANY (MAURITIUS) LIMITED

CORPORATE DATA

			Appointed on
DIRECTORS	:	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
ADMINISTRATOR, REGISTRAR, SECRETARY, & MAURITIAN TAX AGENT	:	International Financial Services Limited IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius	
REGISTERED OFFICE	:	IFS Court, Bank Street TwentyEight Cybercity Ebene 72201 Republic of Mauritius	
AUDITORS	:	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius	
BANKER	:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B, 6th Floor, Standard Chartered Tower Lot 19, Cybercity Ebene 72201 Republic of Mauritius	

COMMENTARY OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2017

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 2017.

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 recommended the payment of an interim dividend amounting to USD 5,300,000 (INR 3,43,864,000) to the shareholders during 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 International Financial Reporting Standards and the requirements of 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 2017.

For International Financial Services Limited
Secretary

Registered Office:

IFS Court
Bank Street
TwentyEight
Cybercity
Ebene 72201
Republic of Mauritius

Date: 26 May 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA – BT INVESTMENT COMPANY (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra – BT Investment Company (Mauritius) Limited**, the "Company", which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages herein give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of Directors, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of 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 it appears from our examination of those records.

Other Matter

Our 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: 26 May 2017
Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017	2017	2016	2016
		USD	**INR**	USD	INR
			(Note 1)		(Note 1)
INCOME					
Interest income		**133,069**	**8,633,517**	118,575	7,693,146
Dividend		**42,904**	**2,783,612**	22,801	1,479,329
		175,973	**11,417,129**	141,376	9,172,475
EXPENDITURE					
Professional fees	12	**90,872**	**5,895,775**	72,774	4,721,577
Audit fees		**4,800**	**311,424**	4,046	262,504
Licence fees		**2,502**	**162,330**	2,493	161,746
Bank charges		**2,413**	**156,556**	1,875	121,650
		100,587	**6,526,085**	81,188	5,267,477
PROFIT BEFORE TAX		**75,386**	**4,891,044**	60,188	3,904,997
Tax expense	8	**–**	**–**	–	–
PROFIT FOR THE YEAR		**75,386**	**4,891,044**	60,188	3,904,997
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss					
Fair value loss on available-for-sale financial asset	9	**(17,423)**	**(1,130,404)**	(704,540)	(45,710,555)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(17,423)**	**(1,130,404)**	(704,540)	(45,710,555)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**57,963**	**3,760,640**	(644,352)	(41,805,558)

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017	2017	2016	2016
		USD	**INR**	USD	INR
			(Note 1)		(Note 1)
ASSETS					
Non-current					
Available-for-sale financial asset	9	**1,721,793**	**111,709,930**	1,739,216	112,840,334
Current					
Prepayments		**2,838**	**184,129**	2,840	184,259
Cash and cash equivalents	10	**17,252,865**	**1,119,365,881**	22,469,348	1,457,811,298
Current assets		**17,255,703**	**1,119,550,010**	22,472,188	1,457,995,557
Total assets		**18,977,496**	**1,231,259,940**	24,211,404	1,570,835,891
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	**11,880,000**	**770,774,400**	11,880,000	770,774,400
Fair value reserves	9	**1,631,748**	**105,867,811**	1,649,171	106,998,215
Retained earnings		**5,448,860**	**353,522,037**	10,673,474	692,494,993
Total equity		**18,960,608**	**1,230,164,248**	24,202,645	1,570,267,608
Liabilities					
Current					
Accruals		**16,888**	**1,095,692**	8,759	568,283
Total equity and liabilities		**18,977,496**	**1,231,259,940**	24,211,404	1,570,835,891

Approved by the Board of Directors on 26 May 2017 and signed on its behalf by:

Zakir Hussein Niamut
Director

Abdool Fareed Soreefan
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital	Fair value reserves	Retained earnings	Total
	USD	USD	USD	USD
Balance at 01 April 2015	**11,880,000**	2,353,711	10,613,286	24,846,997
Profit for the year	–	–	60,188	60,188
Other comprehensive loss	–	(704,540)	–	(704,540)
Total comprehensive (loss)/income for the year	–	(704,540)	60,188	(644,352)
Balance at 31 March 2016	11,880,000	1,649,171	10,673,474	24,202,645
Balance at 01 April 2016	**11,880,000**	**1,649,171**	**10,673,474**	**24,202,645**
Dividends (Note 13)	**–**	**–**	**(5,300,000)**	**(5,300,000)**
Transactions with the shareholders	**–**	**–**	**(5,300,000)**	**(5,300,000)**
Profit for the year	**–**	**–**	**75,386**	**75,386**
Other comprehensive loss	**–**	**(17,423)**	**–**	**(17,423)**
Total comprehensive (loss)/income for the year	**–**	**(17,423)**	**75,386**	**57,963**
Balance at 31 March 2017	**11,880,000**	**1,631,748**	**5,448,860**	**18,960,608**

	Stated capital	Fair value reserves	Retained earnings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2015	**770,774,400**	152,708,770	688,589,996	1,612,073,166
Profit for the year	–	–	3,904,997	3,904,997
Other comprehensive loss	–	(45,710,555)	–	(45,710,555)
Total comprehensive (loss)/income for the year	–	(45,710,555)	3,904,997	(41,805,558)
Balance at 31 March 2016	770,774,400	106,998,215	692,494,993	1,570,267,608
Balance at 01 April 2016	**770,774,400**	**106,998,215**	**692,494,993**	**1,570,267,608**
Dividends (Note 13)	**–**	**–**	**(343,864,000)**	**(343,864,000)**
Transactions with the shareholders	**–**	**–**	**(343,864,000)**	**(343,864,000)**
Profit for the year	**–**	**–**	**4,891,044**	**4,891,044**
Other comprehensive loss	**–**	**(1,130,404)**	**–**	**(1,130,404)**
Total comprehensive (loss)/income for the year	**–**	**(1,130,404)**	**4,891,044**	**3,760,640**
Balance at 31 March 2017	**770,774,400**	**105,867,811**	**353,522,037**	**1,230,164,248**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
Operating activities				
Profit before tax	**75,386**	**4,891,044**	60,188	3,904,997
Adjustments for:				
Dividend received	**(42,904)**	**(2,783,612)**	(22,801)	(1,479,329)
Interest income	**(133,069)**	**(8,633,517)**	(118,575)	(7,693,146)
Operating loss before working capital changes	**(100,587)**	**(6,526,085)**	(81,188)	(5,267,478)
Changes in working capital:				
Decrease/(increase) in prepayments	**2**	**130**	(1)	(65)
Increase in accruals	**8,129**	**527,409**	166	10,770
Total changes in working capital	**8,131**	**527,539**	165	10,705
Net cash used in operating activities	**(92,456)**	**(5,998,546)**	(81,023)	(5,256,773)
Investing activities				
Interest received	**133,069**	**8,633,517**	118,575	7,693,146
Dividend received	**42,904**	**2,783,612**	22,801	1,479,329
Net cash from investing activities	**175,973**	**11,417,129**	141,376	9,172,475
Financing activities				
Dividends paid (Note 13)	**(5,300,000)**	**(343,864,000)**	–	–
Net cash used in financing activities	**(5,300,000)**	**(343,864,000)**	–	–
Net change in cash and cash equivalents	**(5,216,483)**	**(338,445,417)**	60,353	3,915,702
Cash and cash equivalents, beginning of year	**22,469,348**	**1,457,811,298**	22,408,995	1,453,895,596
Cash and cash equivalents, end of year	**17,252,865**	**1,119,365,881**	22,469,348	1,457,811,298
Cash and cash equivalents made up of:				
Cash at bank (Note 10)	**17,252,865**	**1,119,365,881**	22,469,348	1,457,811,298

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 = INR64.88 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2016 and 31 March 2017 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 2016

In the current year, 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 2016:

IAS 1	Disclosure Initiative (Amendments to IAS 1)
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 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 IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
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

The directors have assessed the impact of these revised standards and amendments and concluded that only *IAS 1, Disclosure Initiative* (Amendments to IAS 1) has an impact on the disclosure 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

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.

IFRS 16	Leases
IAS 40	Transfers of Investment Property (Amendments to IAS 40)
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers
IAS 7	Disclosure Initiative (Amendments to IAS 7)
IAS 12	Recognition of Deferred Tax Asset for Unrealised Losses (Amendments to IAS 12)
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
IFRS 1/IFRS 12 and IAS 28	Annual Improvements to IFRSs 2014-2016

The Company has yet to assess the impact of the above standards, amendments and interpretations on the Company's financial statements.

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 expires.

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.

Dividend payments to shareholders are included in retained earnings when the dividends have been approved by the Board.

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.

	2017	**2017**	2016	2016
	USD	**INR**	USD	INR
		(Note 1)		(Note 1)
Financial assets				
Non-current				
Available-for-sale financial asset:				
Investment in Tech Mahindra Limited	**1,721,793**	**111,709,930**	1,739,216	112,840,334
Current				
Loans and receivables:				
Cash and cash equivalents	**17,252,865**	**1,119,365,881**	22,469,348	1,457,811,298
Total financial assets	**18,974,658**	**1,231,075,811**	24,208,564	1,570,651,632
Financial liabilities				
Current				
Financial liabilities measured at amortised cost:				
Accruals	**16,888**	**1,095,692**	***8,759***	***568,283***

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 2017	**Financial liabilities 2017**	Financial assets 2016	Financial liabilities 2016
	USD	**USD**	USD	USD
Long term exposure				
Indian Rupee (INR)	**1,721,793**	**–**	1,739,216	–
Short term exposure				
United States Dollar (USD)	**17,252,865**	**16,888**	22,469,348	8,759
Total exposure	**18,974,658**	**16,888**	24,208,564	8,759

	Financial assets 2017	**Financial liabilities 2017**	Financial assets 2016	Financial liabilities 2016
	INR (Note 1)	**INR (Note 1)**	INR (Note 1)	INR (Note 1)
Long term exposure				
Indian Rupee (INR)	**111,709,930**	**–**	112,840,334	–
Short term exposure				
United States Dollar (USD)	**1,119,365,881**	**1,095,692**	1,457,811,298	568,283
Total exposure	**1,231,075,811**	**1,095,692**	1,570,651,632	568,283

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 2% change of the USD/INR exchange rate for the year ended 31 March 2017 (31 March 2016: 6%). 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 2%, other comprehensive income and equity would have decreased by **USD 32,635** (2016: USD 98,450). If the USD had weakened against the INR by 2%, then other comprehensive income and equity would have increased by **USD 32,635** (2016: USD 98,450). 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 2017, the bank balance stood at **USD 17,233,501** (2016: USD 22,434,906) and bank interest income earned during the year was **USD 133,069** (2016: USD 118,575). 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 2017 is shown in the table below:

Name of investee company	**% decrease in share price 2017**	% increase in share price 2016
Tech Mahindra Limited	**3%**	25%

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 2017:

	Other comprehensive income and equity			
	2017 USD	**2017 INR (Note 1)**	2016 USD	2016 INR (Note 1)
Increase	**51,654**	**3,351,312**	434,804	28,210,084
Decrease	**(51,654)**	**(3,351,312)**	(434,804)	(28,210,084)

The listed securities are classified as an available-for-sale financial asset and therefore no effect on profit 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:

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS				
Non-current				
Available-for-sale financial asset	**1,721,793**	**111,709,930**	1,739,216	112,840,334
Current				
Cash and cash equivalents	**17,252,865**	**1,119,365,881**	22,469,348	1,457,811,298
Total assets	**18,974,658**	**1,231,075,811**	24,208,564	1,570,651,632

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 2017, the Company's financial liabilities have contractual maturities which are summarised below:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	16,888	1,095,692

This compares with the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	8,759	568,283

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 2016 and 31 March 2017:

31 March 2017	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	**1,721,793**	–	–	**1,721,793**
		1,721,793	–	–	**1,721,793**

31 March 2017	Note	Level 1	Level 2	Level 3	Total
		INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Assets					
Listed investment	(i)	**111,709,930**	–	–	**111,709,930**
		111,709,930	–	–	**111,709,930**

31 March 2016	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	1,739,216	–	–	1,739,216
		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)
Assets					
Listed investment	(i)	112,840,334	–	–	112,840,334
		112,840,334	–	–	112,840,334

There has been no transfer between Level 1 and Level 2 in 2017 and 2016.

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 2016 and 31 March 2017, the Company was not geared.

8. TAXATION

(i) Income tax

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritian tax payable in respect of its foreign source income. Gains or profits arising from sale of units or securities are exempt from tax in Mauritius and any dividends or redemption proceeds paid by the Company to shareholders would not attract withholding tax in the Republic of Mauritius.

On 10 May 2016, the Government of India and Mauritius announced the signing of a Protocol amending the provisions of the Republic of Mauritius-Republic of India Double Taxation Avoidance Agreement (the "Mauritius-India Tax Treaty"). The Protocol will become effective on 1 April 2017 in respect of income and gains received from the Republic of India. The Protocol provides, inter alia, for capital gains arising on disposal of shares acquired by a Company resident in the Republic of Mauritius on or after 1 April 2017 to be taxed in the Republic of India. However, investments in shares acquired up to 31 March 2017 will be "grandfathered", and thus exempted from capital gains tax in the Republic of India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50 % of the domestic tax rate prevailing in the Republic of India provided that the Mauritian resident company meets the presented limitations of benefits clause which includes a minimum expenditure level in the Republic of Mauritius.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

At 31 March 2017, the Company has accumulated tax losses of USD 59,323 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 2018	50,821	3,297,266
Up to the year ending 31 March 2019	8,502	551,610
	59,323	3,848,876

During the year under review, part of tax losses amounting to USD 18,380 incurred in the year ended 31 March 2012 has been utilised against the chargeable income earned during the year under review and tax losses of USD 53,398 have 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 2017, 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 before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2017	**2017**	2016	2016
	USD	**INR**	USD	INR
Profit before tax	**75,386**	**4,891,044**	60,188	3,904,997
Tax calculated at the rate of 3%	**2,262**	**146,759**	1,806	117,173
Exempt income not subject to tax	**(3,992)**	**(259,001)**	(3,557)	(230,778)
Expenses not allowable for tax purposes	**2,282**	**148,056**	2,043	132,550
Tax losses utilised	**(552)**	**(35,814)**	(292)	(18,945)
Tax expense	**–**	**–**	–	–

9. AVAILABLE-FOR-SALE FINANCIAL ASSET

		2017	**2017**	2016	2016
		USD	**INR (Note 1)**	USD	INR (Note 1)
(i)	**Cost**				
	At beginning and end of year	**90,045**	**5,842,120**	90,045	5,842,120
(ii)	**Fair value**				
	At beginning of year	**1,739,216**	**112,840,334**	2,443,756	158,550,889
	Fair value adjustment for the year	**(17,423)**	**(1,130,404)**	(704,540)	(45,710,555)
	At end of year	**1,721,793**	**111,709,930**	1,739,216	112,840,334

(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 2016 & 2017**	**Fair value 2017**	Fair value 2016	**Cost 2016 & 2017**	**Fair value 2017**	Fair value 2016
	USD	**USD**	USD	**INR (Note 1)**	**INR (Note 1)**	INR (Note 1)
Tech Mahindra Limited	**90,045**	**1,721,793**	1,739,216	**5,842,120**	**111,709,930**	112,840,334

(iv) Fair value reserves

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
At beginning of year	**1,649,171**	**106,998,215**	2,353,711	152,708,770
Fair value adjustment for the year	**(17,423)**	**(1,130,404)**	(704,540)	(45,710,555)
At end of year	**1,631,748**	**105,867,811**	1,649,171	106,998,215

10. CASH AND CASH EQUIVALENTS

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
Cash at bank – USD	**792,036**	**51,387,296**	681,593	44,221,754
Short term deposits	**16,441,465**	**1,066,722,249**	21,753,313	1,411,354,947
Interest receivable	**19,364**	**1,256,336**	34,442	2,234,597
Total	**17,252,865**	**1,119,365,881**	22,469,348	1,457,811,298

(i) The Company has fixed deposits placements with Standard Chartered Bank (Mauritius) Limited bearing interest at the rate of 0.8% per annum.

11. STATED CAPITAL

	2017 & 2016	**2017 & 2016**
	USD	**INR (Note 1)**
Issued and fully paid:		
11,880,000 Ordinary shares of USD1 each	**11,880,000**	**770,774,400**

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

	2017	**2017**	2016	2016
	USD	**INR (Note 1)**	USD	INR (Note 1)
Administration fees and disbursements	**20,258**	**1,314,339**	14,239	923,826
Directors' fees	**3,750**	**243,300**	3,750	243,300
Secretarial fees	**1,500**	**97,320**	1,500	97,320
Professional fees (Notes 12 (i), (ii) and (iii))	**63,664**	**4,130,520**	51,580	3,346,510
Tax filing fees	**1,700**	**110,296**	1,705	110,620
Total	**90,872**	**5,895,775**	72,774	4,721,577

(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 Mauritius-India Tax Treaty. Fees of USD 28,664 were paid to Khaitan & Co in respect of advising the Company on this matter.

(ii) Fees of USD 30,500 were paid to Mr Porus Kaka in respect of representing the Company at AAR hearings.

(iii) Fees of USD 4,500 were paid to Manish Kanth for assisting Mr Porus Kaka in respect of representing the Company at AAR hearings.

13. DIVIDENDS

	2017	**2016**
	USD	**USD**
Dividends paid	5,300,000	–
Dividend per share	0.45	–

The Company had made an interim dividend payment of USD 5,300,000 to its shareholders during the year under review as approved by the Board on 23 September 2016.

14. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2017, 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 31 March 2017	Debit/(credit) balances at 31 March 2016
			USD	**USD**	USD
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	**6,950**	**1,733**	1,733
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	**20,258**	**(8,800)**	(4,500)

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at 31 March 2017	Debit/(credit) balances at 31 March 2016
			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	**450,916**	**112,437**	112,437
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	**1,314,339**	**(570,944)**	(291,960)

15. 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 Mauritius- India Tax Treaty. Accordingly, in line with the decision of its Board of Directors, the Company filed an application before the AAR in India on the taxability of capital gains in India under the Mauritius-India Tax Treaty. The AAR pronounced its ruling in favour of the Company on 8 August 2016. However, the Indian Tax Authorities have filed a writ petition against the AAR ruling in the High Court of Bombay in India and the court hearing is yet to be fixed.

Contingent liabilities

At 31 March 2017, 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.

16. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date, which require disclosure or adjustment to the 31 March 2017 financial statements.

17. 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 Seventh Report along with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs:

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2017	*For the year ended 31st March, 2016
Total Income	**57.80**	186.65
Profit/(Loss) before Interest, Depreciation and Taxation	**7.13**	(173.93)
Less: Interest	–	–
Depreciation & Amortisation Expenses	**1.49**	51.81
Profit/(Loss) before Tax	**5.64**	(225.74)
Less: Income Tax thereon:		
Current Tax	–	–
Deferred Tax	–	–
Net Profit/(Loss)	**5.64**	(225.74)
Balance of Profit/(Loss) brought forward from last year	**(894.57)**	(668.82)
Balance of Profit/(Loss) carried forward	**(888.93)**	(894.57)
Net Worth	**12.07**	6.43

** The aforesaid financial highlights are based on the Company's first Ind AS audited financial statements for the year ended 31st March, 2017 which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.*

No material changes and commitments have occurred after the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

Your Company repositioned its strategy to focus on high-end capacity building programs mainly focusing on international markets. In pursuit of this goal, the Company has made several proposals to reputed clients.

During the current year of operations, your Company is pleased to announce its early success on restructured strategies. Your Company successfully delivered its first international assignment in Cameroon, Africa along with M/s Mahindra Consulting Engineers Limited, the holding company. Your Company provided training and capacity building program as part of United Nations Industrial Development Organizations (UNIDO) initiative, for high profile Government officials from various ministries of Republic of Cameroon for implementing their flagship program of Technological Agro-Industrial Parks.

Your Company is pleased to announce the turnaround and posted profit first time in the current year since incorporation. Your Company posted a profit of Rs. 5.64 lakhs compared to the previous year loss of Rs. 225.74 lakhs.

Your Company has no subsidiaries, associates or joint ventures.

Dividend

With a view to conserve the profits for business expansion, your Directors do not recommend dividend for the year under review.

Share Capital

As on 31st March, 2017 the Authorised Share Capital of your Company was Rs. 9,50,00,000. The Paid-up Share Capital of the Company stood at Rs. 9,01,00,000 divided into 90,10,000 equity shares of Rs. 10 each. During the year under review, your Company has not issued any shares or convertible instruments.

Alteration of the Object Clause of the Company

At the Extra–Ordinary General Meeting held on 6th January, 2017, special resolution was passed for adoption of new Objects Clause III (A) & (B) in place of the existing Objects Clause III by altering the Memorandum of Association of the Company, in order to align the core business of the Company with its Holding Company Mahindra Consulting Engineers Limited, which includes without limitation skill development, education & training, capacity building, vocational training and advisory services etc. The Registrar of Companies, Mumbai, vide its Certificate of Registration dated 24th January 2017 in relation to alteration of Object Clause(s) has issued a new Corporate Identity Number as "U93000MH2010PLC198303" to the Company, due to change in the activity code.

Board of Directors

The composition of the Board of Directors of the Company is as follows:-

Sr. No.	Names of Directors	DIN	Category (Executive/ Non-executive)	Independent/ Non Independent
1.	Mr. Parag Shah	00374944	Non- Executive Director	Non Independent Director
2.	Mr. S. Durgashankar	00044713	Non- Executive Director	Non Independent Director
3.	Dr. Prince Augustin	02336637	Non- Executive Director	Non Independent Director
4.	Ms. Sheetal Mehta	06495637	Non- Executive Director	Non Independent Director
5.	Mr. B. Suresh (w.e.f. 25th April, 2016)	01479827	Non- Executive Director	Non Independent Director

Mr. S. Durgashankar (DIN: 00044713), Directors retire by rotation and being eligible, offers himself for re-appointment.

Your Company is not required to constitute any mandatory Committees of the Board.

Provisions relating to Annual Evaluation of Board, Committees and Individual Directors are not applicable to your Company.

Board Meetings

Your Board of Directors met five times during the year under review, i.e. on 25th April, 2016, 9th August, 2016, 28th November, 2016, 20th December, 2016, and 16th January, 2017. All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days.

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

Sr. No.	Name of Director	No. of meetings attended
1.	Mr. Parag Shah	5
2.	Mr. S. Durgashankar	2
3.	Dr. Prince Augustin	3
4.	Ms. Sheetal Mehta	4
5.	Mr. B. Suresh	3

General Meetings

The 6th Annual General Meeting (AGM) of the Company was held on 9th August, 2016. The 2016-2017/1st Extra - Ordinary General Meeting (EGM) was held on 6th January, 2017.

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:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;

(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 31st March, 2017 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) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2017 and have found them to be adequate.

(vi) 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

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Key Managerial Personnel of your company are as below:

1. Ms. Bhavana Awatramani – Company Secretary (up to 15th July, 2016)
2. Ms. Archana Mudaliar – Company Secretary (w.e.f. 9th August, 2016)
3. Mr. B. Suresh – Director and Chief Executive Officer (w.e.f. 9th August, 2016)

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks 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 risks and enabling the Company to manage the same, if confronted with.

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.

Disclosure as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy on Prevention of Sexual Harassment of Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

Statutory Auditors

Messrs. B. K. Khare & Co, Chartered Accountants, Mumbai (ICAI Registration Number 105102W) were appointed, as the Statutory Auditors, at the 4th Annual General Meeting held on 19th August,

2014 for a period of 5 consecutive years, to hold office from the conclusion of 4th Annual General Meeting until the conclusion of the 9th Annual General Meeting to be held in the year 2019.

In view of the same, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing 7th Annual General Meeting of the Company. The Board of Directors of your Company recommends the ratification of appointment of the Statutory Auditors of your Company at the ensuing 7th Annual General Meeting.

Messrs. B. K. Khare & Co, Chartered Accountants, have given a written consent to act as Statutory Auditor of your Company 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 for the year ended 31st March, 2017 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 instance of fraud 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.

Secretarial Auditor, Internal Auditor and Cost Auditor

During the year under review, the provisions relating to appointment of Secretarial Auditor, Internal Auditor and Cost Auditor were not applicable to your Company.

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 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 an 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

During the year under review, your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public or its employees.

Your Company has not obtained 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 & 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 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 material contracts or arrangements with related parties are given in the form AOC – 2 as **Annexure II** and the same forms part of this Report.

Extract of Annual Return

Pursuant 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, 2017 provided under Form No. MGT 9 is attached herewith as **Annexure III** and forms part of this report.

General

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. 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. 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. Provisions relating to Corporate Social Responsibility ('CSR') enumerated under Section 135 of the Companies Act, 2013.
6. Provisions relating to Vigil Mechanism enumerated under Section 177 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

Parag Shah
Director

B. Suresh
Director

Mumbai, 26th April, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

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

The operations of your Company are not energy intensive. Your Company has however taken adequate measures to reduce energy consumption.

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

(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) **–**

(a) The details of technology imported: **Not Applicable**

(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 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

Parag Shah
Director

B. Suresh
Director

Mumbai, 26th April, 2017

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 subsection (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.	Names(s) of 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 arrangements or transactions at arm's length basis:

Sr. No.	Names(s) of 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, Holding Company	Professional charges	2016-2017	Professional charges paid (Rs. 2,534,799)	N. A. (Refer Note)	NIL
2.	Mahindra Consulting Engineers Limited, Holding Company	Reimbursement of expenses	2016-2017	Reimbursement of expenses (Rs. 1,329,029)	N. A. (Refer Note)	NIL
3.	Mahindra Consulting Engineers Limited, Holding Company	Income from capacity building services	2016-2017	Income from capacity building services (Rs. 4,950,000)	N. A. (Refer Note)	NIL

Note: The above referred transactions are at arm's length and 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.

For and on behalf of the Board

Parag Shah
Director

B. Suresh
Director

Mumbai, 26th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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**	U93000MH2010PLC198303
2.	**Registration Date**	2nd January, 2010
3.	**Name of the Company**	Mahindra Namaste Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non- Government Company
5.	**Address of Registered office and contract details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018, Tel: 022-24906654/ 5623
6.	**Whether listed Company Yes/No**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	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 Products/Services	NIC Code of the Product/Service	% to total turnover of the company
1.	Other professional, technical and business services	99839	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	Ultimate Holding Company	100*	2(46)
2.	Mahindra Consulting Engineers Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	U74210MH1993PLC074723	Holding Company	100	2(46)

* Through Mahindra Consulting Engineers 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 (As on 1st April, 2016)				No. of shares held at the end of the year (As on 31st March, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	90,10,000	90,10,000	100	–	90,10,000	90,10,000	100	–
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (1)	**–**	**90,10,000**	**90,10,000**	**100**	**–**	**90,10,000**	**90,10,000**	**100**	**–**
2. Foreign									

Category of Shareholders	No. of shares held at the beginning of the year (As on 1st April, 2016)				No. of shares held at the end of the year (As on 31st March, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a. NRI - Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoters A (1+2)	**–**	**90,10,000**	**90,10,000**	**100**	**–**	**90,10,000**	**90,10,000**	**100**	**–**
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/ FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Companies	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total - (B) (1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non - Institution	–	–	–	–	–	–	–	–	–
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)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding B (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**90,10,000**	**90,10,000**	**100**	**–**	**90,10,000**	**90,10,000**	**100**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% 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 Consulting Engineers Limited	**90,09,993**	**100**	**0**	**90,09,993**	**100**	**0**	0
2	*Mahindra Consulting Engineers Limited Jointly with Mr. Zhooben Bhiwandiwala	1	0	0	1	0	0	0
3	*Mahindra Consulting Engineers Limited Jointly with Mr. Parag Shah	1	0	0	1	0	0	0
4	*Mahindra Consulting Engineers Limited Jointly with Mr. B. Suresh	1	0	0	1	0	0	0
5	*Mahindra Consulting Engineers Limited Jointly with Mr. Narayan Shankar	1	0	0	1	0	0	0
6	*Mahindra Consulting Engineers Limited Jointly with Mr. K Chandrasekar	1	0	0	1	0	0	0
7	*Mahindra Consulting Engineers Limited Jointly with Mr. V S Parthasarathy	1	0	0	1	0	0	0
8	*Mahindra Consulting Engineers Limited Jointly with Dr. Prince Augustin	1	0	0	1	0	0	0
	Total	**90,10,000**	**100**	**0**	**90,10,000**	**100**	**0**	**0**

* Jointly held with Mahindra Consulting Engineers Limited for the purpose of compliance with statutory provisions of Companies Act, 2013 with regard to 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 1st April, 2016)		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 – 01.04.2016	–	–	–	–
	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 – 31.03.2017	–	–	–	–

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 1st April, 2016)		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 – 01.04.2016**	–	–	–	–
	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 – 31.03.2017	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding for each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (As on 1st April, 2016)		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 – 01.04.2016	–	–	–	–
	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 – 31.03.2017	**–**	**–**	**–**	**–**

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
Indebtedness at the beginning of the financial year				
1) Principal Amount	N. A.	N. A.	N. A.	N. A.
2) Interest due but not paid	N. A.	N. A.	N. A.	N. A.
3) Interest accrued but not due	N. A.	N. A.	N. A.	N. A.
Total of (1+2+3)	N. A.	N. A.	N. A.	N. A.
Change in Indebtedness during the financial year				
+ Addition	N. A.	N. A.	N. A.	N. A.
- Reduction	N. A.	N. A.	N. A.	N. A.
Net change	N. A.	N. A.	N. A.	N. A.
Indebtedness at the end of the financial year				
1) Principal Amount	N.A.	N.A.	N.A.	N.A.
2) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
3) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total of (1+2+3)	**N.A.**	**N.A.**	**N.A.**	**N.A.**

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 Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission (as % of Profit)	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Parag Shah	Mr. S. Durgashankar	Mr. B. Suresh	Dr. Prince Augustin	Ms. Sheetal Mehta	
1. Independent Directors						
• Fee for attending Board/Committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total B(1)	–	–	–	–	–	–
2. Other Non-Executive Directors						
• Fee for attending Board/Committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total B(2)	–	–	–	–	–	–
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			Total Amount (Rupees)
		CS	CEO	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contains in section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission (as % of Profit)	–	–	–	–
5.	Others, please specify	–	–	–	–
	Fees	18,000	–	–	18,000
	Others	–	–	–	–
	Total (A+B)	**18,000**	–	–	**18,000**

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)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Parag Shah
Director

B. Suresh
Director

Mumbai, 26th April, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Namaste Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Namaste Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss (including Other Comprehensive Income) and the Cash Flow Statement and the Statement of Changes in Equity 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 IND AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, , read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2017, its results including other comprehensive income, its cash flows and the changes in equity 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 (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.

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, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 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.

iv. The Company has provided requisite disclosures in Note 26 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 26, 2017

ANNEXURE I REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Mahindra Namaste Limited ('the Company)

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 Training and Skilling Services and accordingly does not hold any inventories. Hence, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

iii. 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.

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. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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) 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 taxes 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 during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

x. We have neither come across any instances of frauds by the Company nor any fraud on the Company by its officers or employees have been noticed or 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, 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 Act, where applicable. The Company has disclosed the details of transactions with related parties in the IND AS 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 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. On the basis of examination of relevant records and according to the information and explanations given to us, 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

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 26, 2017

ANNEXURE II TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA NAMASTE LIMITED

Report on the Internal Financial Control sunder Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Mahindra Namaste Limited.

We have audited the internal financial controls over financial reporting of Mahindra Namaste Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the IND AS 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 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 IND AS 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 IND AS 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 IND AS 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 IND AS 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, 2017, 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
Date: April 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No	As at 31-Mar-17 (in Rupees)	As at 31-Mar-16 (in Rupees)	As at 31-Mar-15 (in Rupees)
I. ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment				
(i) Tangible assets	3(i)	**–**	–	13,400,738
(ii) Intangible assets	3(ii)	**79,998**	228,945	461,885
(b) Financial assets				
(i) Other Financial Assets	4	**–**	–	2,230,000
(c) Other non current assets	5	**499,658**	19,697	2,332,327
(d) Deferred tax assets (net)	6	**–**	–	520,245
2 Current assets				
(a) Financial assets				
(i) Current Investments	7	**–**	–	1,000,000
(ii) Cash and cash equivalents	8	**880,294**	1,995,561	13,311,874
(iii) Bank balances other than (ii) above	8	**–**	–	2,000,000
(iv) Other Financial Assets	4	**828,904**	–	159,838
(b) Other current assets	9	**–**	–	160,453
TOTAL		**2,288,854**	2,244,202	35,577,359
II. EQUITY AND LIABILITIES				
1 Equity				
(a) Equity share capital	10	**90,100,000**	90,100,000	90,100,000
(b) Other equity	11	**(88,893,370)**	(89,457,297)	(66,882,801)
LIABILITIES				
2 Non-current liabilities				
(a) Provisions				
(i) Long term Provisions	12	**–**	–	237,983
(b) Other Long Term Liabilities	13	**–**	–	389,504
3 Current liabilities				
(a) Financial liabilities				
(i) Trade payables	14	**348,803**	1,114,642	51,180
(b) Provisions	15	**277,878**	116,875	244,855
(c) Other current liabilities	16	**455,543**	369,982	11,436,639
TOTAL		**2,288,854**	2,244,202	35,577,359

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 26th April, 2017

For and on behalf of the Board
FOR **MAHINDRA NAMASTE LIMITED**

Parag C Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: 26th April, 2017

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

In Rupees

Particulars	Note No.	As at Mar 31, 2017	As at Mar 31, 2016
Continuing Operations			
I Revenue from operations	**17**	**5,778,904**	17,941,433
II Other Income	**18**	**600**	723,633
III Total Revenue (I + II)		**5,779,504**	18,665,066
IV EXPENSES			
(a) Employee benefit expense	**18**	**–**	8,638,398
(b) Depreciation expense	**3(i) & (ii)**	**148,947**	5,181,730
(c) Other expenses	**20**	**5,066,630**	27,419,433
Total Expenses (V)		**5,215,577**	41,239,561
Total Revenue (III)		**5,779,504**	18,665,066
Total Expenses (IV)		**5,215,577**	41,239,561
VI Profit/(loss) before tax (III - IV)		**563,927**	(22,574,495)
VII Total tax expense		**–**	–
VIII Profit/(loss) after tax from continuing operations (VI - VII)		**563,927**	(22,574,495)
IX Profit/(loss) for the year (VIII)		**563,927**	(22,574,495)
X Profit/(Loss) from continuing operations for the period attributable to:		**563,927**	(22,574,495)
Owners of the Company		**563,927**	(22,574,495)
		563,927	(22,574,495)
XI Other comprehensive income		**–**	–
XII Total comprehensive income for the period (IX + XI)		**563,927**	(22,574,495)
XIII Earnings per equity share (for continuing operation):			
(1) Basic		**0.06**	**(2.51)**
(2) Diluted		**0.06**	**(2.51)**

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 26th April, 2017

For and on behalf of the Board
FOR **MAHINDRA NAMASTE LIMITED**

Parag C Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: 26th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

In Rupees

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**563,927**	(22,574,495)
Adjustments for:		
Interest Income	**–**	(139,692)
Dividend from Mutual funds	**–**	(317,202)
Loss on disposal of property, plant and equipment	**–**	10,378,383
Depreciation and amortisation of non-current assets	**148,947**	5,181,730
	712,874	(7,471,276)
Movements in working capital:		
(increase)/decrease in other current assets	**(828,904)**	–
(Increase)/decrease in other non-current assets	**–**	5,383,164
Decrease in trade and other payables	**(765,839)**	1,063,462
Increase/(decrease) in provisions	**161,003**	(365,963)
(Decrease)/increase in deferred revenue		
(Decrease)/increase in other liabilities	**85,561**	(11,456,161)
	(635,305)	(12,846,774)
Cash generated from operations		
Income taxes paid	**(479,961)**	–
Net cash generated by operating activities	**(1,115,266)**	(12,846,774)
Cash flows from investing activities		
Interest received	**–**	139,692
Dividend from Mutual funds	**–**	317,202
Payments for property, plant and equipment	**–**	(1,926,433)
Proceeds from sale of investments	**–**	1,000,000
Net cash (used in)/generated by investing activities	**–**	(469,539)
Cash flows from financing activities	**–**	–
Net cash used in financing activities	**–**	–
Net increase in cash and cash equivalents	**(1,115,267)**	(13,316,313)
Cash and cash equivalents at the beginning of the year	**1,995,561**	15,311,874
Cash and cash equivalents at the end of the year	**880,294**	1,995,561

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 26th April, 2017

For and on behalf of the Board
FOR **MAHINDRA NAMASTE LIMITED**

Parag C Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: 26th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate Information

Mahindra Namaste Limited ("MNL" or "the Company") was incorporated on January 2, 2010. The Company is carrying out the business of skill development, capacity building, education and training, and monitoring service in various capacities across the sectors either in India or outside India.

The address of its registered office is Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018. These financial statements are authorized for issue by the Board of Directors on April 26, 2017. The CIN of the Company is U93000MH2010PLC198303.

2. Significant Accounting Policies

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all the periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These being the first set of separate Ind AS financial statements issued by the Company, it is covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Equity, Statement of profit and loss and Cash Flow Statement are provided in Note No.25.

2.2 Basis of preparation

The financial statements have been prepared on historical cost basis, expect for certain financial assets that are measured at fair value.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing 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 and liabilities.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian Generally Accepted Accounting Principles requires the management to make judgments,estimates and assumptions that affect the reported amounts of revenue, expense assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of the 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 and liabilities in the future periods.

2.4 Critical estimates and judgments

The preparations of the financial statements are based on use of a high degree of judgments or complexity, and of the items which are more likely to be materiality adjusted due to estimates and assumptions.

The areas involving critical estimates or judgments are:

- **Estimated useful life of intangible assets**

  The company hasamortized intangible asset with a finite useful life using the straight line method over the over the period of 2 years, based on management's estimate of useful life.

  Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financials impact on the company and that are believed to be reasonable under the circumstances.

2.5 Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Revenue in respect of services is recognized on a time proportion basis. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change.

2.6 Other income

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.

2.7 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency 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.

2.8 Intangible Assets

Intangible assets are stated at acquisition cost less accumulated amortiation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit.

2.9 Employee Benefits

The Company has no employees on its payroll for the year ended March 31, 2017. Accordingly, there are no provident fund and other employee benefit schemes.

2.10 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are 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 and are measured using tax rates enacted or substantively enacted as at the balance sheet date.

2.11 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 amortized 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 recognized for such excess amount. The impairment loss is recognized 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 recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

of impairment loss is recognized 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 recognized.

2.12 Provisions

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. Contingent assets are not recognized in the financial statements.

2.13 Financial instruments

Financial assets and financial liabilities are recognized when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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.

2.14 Financial assets

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.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.14.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortized cost, refer Note 2.1.

- Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'.

When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.16 Earnings Per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Note No. 3 - (i) Tangible Assets

In Rupees

Description of Assets	Leasehold improvements	Computers	Furniture and Fixtures	Office equipments	Motor Cars	Motor Cycles	Total
I. Gross Block							
Balance as at 1 April, 2015	**2,667,430**	**5,028,866**	**5,120,079**	**3,712,376**	**1,662,047**	**121,362**	**18,312,160**
Additions during the year	529,430	12,300	1,039,588	125,115	–	–	1,706,433
Disposals/Adjustments of Assets	(3,196,860)	(5,041,166)	(6,159,667)	(3,837,491)	(1,662,047)	(121,362)	(20,018,593)
Balance as at 31 Mar, 2016	**–**	**–**	**–**	**–**	**–**	**–**	**–**
II. Accumulated depreciation and impairment for the year 2015-2016							
Balance as at 1 April, 2015	**857,713**	**1,810,943**	**848,399**	**909,884**	**460,093**	**24,390**	**4,911,422**
Additions during the year	1,073,774	1,800,365	736,134	768,392	338,613	11,511	4,728,789
Acquisitions through business combinations							–
Disposals/Adjustments of Assets	(1,931,487)	(3,611,308)	(1,584,533)	(1,678,276)	(798,706)	(35,901)	(9,640,211)
Balance as at 31 March, 2016	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net block (I-II)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance as on 31 Mar, 2016		–	–	–			–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 3 - (ii) Intangible Assets

(In Rupees)

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2016	1,570,000	1,570,000
Additions through business combination	–	–
Balance as at 31 March, 2017	**1,570,000**	**1,570,000**
II. Accumulated depreciation and impairment for the year 2016-2017		
Balance as at 1 April, 2016	1,341,055	1,341,055
Depreciation for the year	148,947	148,947
Balance as at 31 March, 2017	**1,490,002**	**1,490,002**
Net block (I-II)		
Balance as on 31st March 2017	79,998	79,998
Balance as on 31st March 2016	**228,945**	**228,945**

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2015	1,350,000	1,350,000
Additions through business combination	220,000	220,000
Balance as at 31 March, 2016	1,570,000	1,570,000
II. Accumulated depreciation and impairment for the year 2015-2016		
Balance as at 1 April, 2015	888,115	888,116
Depreciation for the year	452,940	452,940
Balance as at 31 March, 2016	1,341,055	1,341,056
Net block (I-II)		
Balance as on 31st March 2016	228,945	228,945
Balance as on 31st March 2015	461,885	461,885

Note 4 - Other Financial Assets

(In Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016			As at March 31, 2015		
	Current	**Non- Current**	**Total**	Current	Non- Current	Total	Current	Non- Current	Total
Advance to Staff	**–**	**–**	**–**	–	–	–	27,787	–	27,787
Other Advances	**–**	**–**	**–**	–	–	–	122,397	–	122,397
Lease Deposits	**–**	**–**	**–**	–	–	–	–	2,230,000	2,230,000
Unbilled revenue	**828,904**	**–**	**828,904**	–	–	–	–	–	–
Interest accrued							9,654	–	–
TOTAL	**828,904**	**–**	**828,904**	–	–	–	159,838	2,230,000	2,389,838

Note 5 - Other non current assets

(In Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016			As at March 31, 2015		
	Current	**Non- Current**	**Total**	Current	Non- Current	Total	Current	Non- Current	Total
Tax Deducted at Source	**–**	**499,658**	**499,658**	–	19,697	19,697	–	34,475	34,475
Capital Advance	**–**	**–**	**–**	–	–	–	–	2,297,852	2,297,852
TOTAL	**–**	**499,658**	**499,658**	–	19,697	19,697	–	2,332,327	2,332,327

Note 6 - Deferred tax assets

Particulars	**As at March 31, 2017 (in Rupees)**	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
Difference between Tax depreciation and depreciation charged for financial reporting	**–**	–	682,251
Provision for Employee benefits	**–**	–	122,421
Total deferred tax asset	**–**	–	804,672
Difference between Tax depreciation and depreciation charged for financial reporting	**–**	–	344,546
Provision for employee benefits			(60,119)
Total deferred tax liability	**–**	–	(284,427)
Net Deferred Tax Assets	**–**	–	520,245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 7 - Current Investments (unquoted)

(In Rupees)

Particulars	As at March 31, 2017 Current	Non- Current	Total	As at March 31, 2016 Current	Non- Current	Total	As at March 31, 2015 Current	Non- Current	Total
Tauras Liquid fund - Super Institutional Growth Fund	–	–	–	–	–	–	1,000,000	–	1,000,000
TOTAL	–	–	–	–	–	–	1,000,000	–	1,000,000

Note 8 - Cash and cash equivalents

Particulars	As at March 31, 2017 (in Rupees)	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
Cash and cash equivalents			
Cash on hand	–	–	–
Balance with Scheduled Bank	**880,294**	1,995,561	13,311,874
Cheques on hand	–	–	–
	880,294	1,995,561	13,311,874
Other Bank Balances:			
Fixed Deposit with Bank	–	–	2,000,000
	–	–	2,000,000
TOTAL	**880,294**	1,995,561	15,311,874

Note 9 - Other current assets

Particulars	As at March 31, 2017 (in Rupees)	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
Other current assets	–	–	54,842
Interest accrued on Fixed Deposits	–	–	–
Prepaid Expenses	–	–	105,611
TOTAL (a)	–	–	160,453

Note 10 - Equity share capital

Particulars	As at March 31, 2017 (in Rupees)	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
Authorized			
95,00,000 Equity shares of Rs.10 each	**95,000,000**	95,000,000	95,000,000
	95,000,000	95,000,000	95,000,000
Issued, Subscribed & Paid-up			
90,10,000 Equity shares of Rs. 10 each fully paid	**90,100,000**	90,100,000	90,100,000
Total	**90,100,000**	90,100,000	90,100,000

Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of Shareholder	As at March 31, 2017 Number of shares held	As at March 31, 2016 Number of shares held	As at March 31, 2015 Number of shares held
Mahindra Holding Limited	–	–	9,010,000
Mahindra Consulting Engineers Limited	**9,009,993**	9,009,993	–

Particulars	Number of Shares	Equity share capital
Issues, Subscribed and Paid-up:		
As at 1 April 2015	9,010,000	90,100,000
Changes in equity share capital during the year	–	–
As at 31 March 2016	9,010,000	90,100,000
Changes in equity share capital during the year	–	–
As at 31 March 2017	**9,010,000**	**90,100,000**

Note 11 - Other Equity

(in Rupees)

Particulars	Retained Earnings
As at 1 April 2015	(66,882,801)
Profit/(Loss) for the year	(22,574,495)
As at 31 March 2016	(89,457,297)
Profit/(Loss) for the year	563,927
Other Comprehensive Income/(Loss)	–
As at 31 March 2017	**(88,893,370)**

Note 12 - Long Term Provisions

Particulars	As at March 31, 2017 (in Rupees)	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
Gratuity Provision	–	–	237,983
TOTAL	–	–	**237,983**

Note 13 - Other Long Term Liabilities

Particulars	As at March 31, 2017 (in Rupees)	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
Lease Rent escalation	–	–	389,504
TOTAL	–	–	**389,504**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 14 - Trade Payables

(In Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016			As at March 31, 2015		
	Current	**Non- Current**	**Total**	Current	Non- Current	Total	Current	Non- Current	Total
Amounts payable to related party	**297,474**	**–**	**297,474**	156,750	–	156,750	9,072	–	9,072
Others	**51,329**	**–**	**51,329**	957,892	–	957,892	42,108	–	42,108
Total	**348,803**	**–**	**348,803**	1,114,642	–	1,114,642	51,180	–	51,180

Note 15 - Provisions

(In Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016			As at March 31, 2015		
	Current	**Non- Current**	**Total**	Current	Non- Current	Total	Current	Non- Current	Total
Provision for Expenses	**277,878**	**–**	**277,878**	116,875	–	116,875	87,969	–	87,969
Provision for leave encashment	**–**	**–**	**–**	–	–	–	156,885	–	156,885
Total	**277,878**	**–**	**277,878**	116,875	–	116,875	244,854	–	244,854

Note 16 - Other Current Liabilities

Particulars	**As at March 31, 2017 (in Rupees)**	As at March 31, 2016 (in Rupees)	As at March 31, 2015 (in Rupees)
TDS Payable	**454,293**	33,830	281,325
Grant Received (repayable to Naandi Foundation)	–	334,902	4,175,094
Statutory remittances (Contribution to PF and ESIC, TDS, Service tax etc)	**1,250**	1,250	96,304
Scholarships refundable	–	–	122,000
Scholarships received in advance	–	–	6,760,600
Gratuity Payable-Current	–	–	1,316
Total	**455,543**	369,982	11,436,639

Note 17 - Revenue from Operations

Particulars		**As at March 31, 2017 (in Rupees)**	As at March 31, 2016 (in Rupees)
(a)	Revenue from Training	–	15,858,100
(b)	Management Fee	–	2,083,333
(c)	Professional fees from Capacity Building	**5,778,904**	–
Total		**5,778,904**	17,941,433

Note 18 - Other Income

Particulars		**As at March 31, 2017 (in Rupees)**	As at March 31, 2016 (in Rupees)
(a)	Interest Income	–	139,692
(b)	Profit on sale/redemption of Mutual Fund	–	317,202
(c)	Interest on Income Tax Refund	**600**	1,294
(d)	Miscellaneous Income/Write Off	–	265,445
Total		**600**	723,633

Note 19 - Employee Benefits Expenses

Particulars		**As at March 31, 2017 (in Rupees)**	As at March 31, 2016 (in Rupees)
(a)	Salaries and wages, including bonus	–	8,104,307
(b)	Contribution to provident and other funds	–	419,884
(c)	Staff welfare expenses	–	109,857
(d)	Professional Tax	–	4,350
Total		–	8,638,398

Note 20 - Other Expenses

Particulars		**As at March 31, 2017 (in Rupees)**	As at March 31, 2016 (in Rupees)
(a)	Rent	**257,712**	3,963,096
(b)	Legal & Professional Expenses	**3,348,485**	3,028,659
(c)	Marketing/Sales Promotion	–	102,109
(d)	Communication Expenses	**18,108**	606,377
(e)	Travel & Conveyance	**1,332,359**	1,481,059
(f)	Printing & Stationery	–	250,235
(g)	Electricity & Power	–	719,386
(h)	Repairs & Maintenance	–	620,596
(i)	Insurance	–	105,728
(j)	Auditors Remuneration	**75,000**	114,500
(k)	Payment for Shared services	–	1,000,000
(l)	Manpower Contract Expenses	–	4,856,850
(m)	Loss on sale/scrap of Fixed Assets/impairment	–	10,378,382
(n)	Write Off of Bad Debts	–	–
(o)	Other Expenses	**34,966**	192,456
Total		**5,066,630**	27,419,433

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Amount paid/payable to the statutory auditors (included under Auditors Remuneration in Note 20)

Particulars	As at March 31, 2017 (in Rupees)	As at March 31, 2016 (in Rupees)
Statutory Audit fees	**50,000**	50,000
Others	**25,000**	64,500
Total	**75,000**	114,500

Note 21 - Earnings per Share

Particulars	For the year ended 31st March, 2017 Per Share	For the year ended 31st March, 2016 Per Share
Basic/Diluted Earnings per share		
From continuing operations (Rs.) per share	**0.06**	(2.51)
From discontinuing operations (Rs.) per share	**–**	–
Total basic/diluted earnings per share	**0.06**	(2.51)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit/(Loss) for the year attributable to owners of the Company	**563,927**	(22,574,495)
Less: Preference dividend and tax thereon	**–**	–
Profit/(Loss) for the year used in the calculation of basic earnings per share	**563,927**	(22,574,495)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profit/(Loss) used in the calculation of basic earnings per share from continuing operations	**563,927**	(22,574,495)
Weighted average number of equity shares	**9,010,000**	9,010,000
Earnings per share from continuing operations - Basic	**0.06**	(2.51)

Note 22 - Related party disclosures

a) Names of related parties and nature of relationship where control exists:

Sl. No.	Particulars	Nature of relationship	31-Mar-17	31-Mar-16
1	Mahindra Consulting Engineers Limited	Holding Company	✓	✓
2	Mahindra First Choice Services Limited	Fellow Subsidiary	✓	✓
3	Mahindra & Mahindra Limited	Ultimate Holding Company	✓	✓

b) Details of related party transactions during the year ended 31st March 2017 and balances outstanding as at 31st March 2017

Name of Related Party	Nature of Relationship	Type of Transaction	Year ended 31 March 2017	Year ended 31 March 2016
Mahindra Consulting Engineers Ltd.	Holding Company	Professional charges paid	**2,534,799**	–
Mahindra Consulting Engineers Ltd.	Holding Company	Reimbursement of expenses	**1,329,029**	–
Mahindra Consulting Engineers Ltd.	Holding Company	Rent expenses	**257,712**	–
Mahindra Consulting Engineers Ltd.	Holding Company	Income from capacity building services	**4,950,000**	–
Mahindra First Choice Services Limited	Fellow Subsidiary	Lease Rent Paid	**–**	1,137,720
Mahindra & Mahindra Limited	Ultimate Holding Company	Corporate Secretarial Services & Travel Expenses	**–**	288,032
Mahindra & Mahindra Limited	Ultimate Holding Company	Balance payable at the end of the year	**297,474**	156,750

Note 23 - Segment Reporting

The Company has a single reportable business segment viz. providing training services for the purpose of IND AS 108 - Operating Segments.

Note 24 - Maturities of financial liabilities

The table below analyse the companies financial liabilities into relevant maturity groupings based on there contractual maturities for all non-derivatives financial liabilities for which the contractual maturies are essential for an understanding of the timing of the cash flow.

Contractual maturities of financial liabilities 31st March 2017	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables	**–**	**–**	**348,803**	**–**	**–**	**348,803**
Other financial liabilities	**455,543**					**455,543**
Total Non-derivative liabilities	**455,543**	**–**	**348,803**	**–**	**–**	**804,346**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Contractual maturities of financial liabilities 31st March 2016	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables			1,114,642			1,114,642
Other financial liabilities	369,982					369,982
Total Non-derivative liabilities	369,982	–	1,114,642	–	–	1,484,624

Contractual maturities of financial liabilities 1st April 2015	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables			51,180			51,180
Other financial liabilities	11,436,639					11,436,639
Total Non-derivative liabilities	11,436,639	–	51,180	–	–	11,487,819

Note 25 - Reconciliation of equity, total comprehensive income and cash flows for prior periods-

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. As there are no IND AS adjustments affecting equity, total comprehensive income and cashflows, such reconciliation is not presented.

Note 26 - Details of Specified Bank notes (SBN) held and transacted by the company during the period 08/11/2016 to 30/12/2016 as provided below-

	SBNs	**Other denomination notes**	**Total**
Closing cash on hand as on 08.11.2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in banks	–	–	–
Closing cash in hand as on 30.12.2016	–	–	–

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 26th April, 2017

For and on behalf of the Board of Directors of
FOR **MAHINDRA NAMASTE LIMITED**

Mr. Parag Shah
Director

B.Suresh
CEO & Director

Archana Mudaliar
Company Secretary

Mumbai
Date: 26th April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDER

Your Directors present their 63rd (Sixty Third) Report along with the Standalone Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Income	**150.32**	248.59
Profit before Interest, Depreciation and Taxation	**41.68**	97.86
Less: Interest	**–**	1.22
Less: Depreciation	**14.32**	4.37
Profit before exceptional item and tax	**27.36**	92.27
Exceptional Item –		
Less: Provision for diminution in value of long term investments	**–**	**13,700.00**
Less : Provision for dimunition in value of fixed assets	**18.83**	–
Profit/(Loss) before Tax	**8.53**	(13,607.73)
Less: Income Tax thereon:		
Current Tax	**14.00**	40.00
Deferred Tax	**(5.47)**	0.25
(Excess)/Short provision for tax relating to prior years	**(20.99)**	5.35
Net Profit/(Loss) for the year	**21.00**	(13,653.33)
Balance of Profit brought forward from last year	**(8,612.82)**	5,040.51
Balance of Profit carried to Balance Sheet	**(8,591.81)**	(8,612.82)
Net Worth	**67,779.14**	52,251.42

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 Total Income and Profit after tax for the year under review were Rs. 150.32 Lakhs and Rs. 21.00 Lakhs as against Total Income and Loss after tax of Rs. 248.59 Lakhs and Rs. 13,653.33 Lakhs respectively in the previous year.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the General Reserve.

DIVIDEND

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

A report on the performance and financial position of each of the subsidiaries and associates of the Company and their contribution to the overall performance of the Company, pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 for the year ended 31st March, 2017, is provided in Form AOC – 1 which is attached to the Financial Statements of the Company and forms part of this Report.

Mahindra Internet Commerce Private Limited ceased to be an indirect subsidiary of your Company with effect from 22nd March, 2017 pursuant to sale of 100% stake by Mahindra Retail Private Limited ("MRPL").

Your Company had originally subscribed to 12,861 fully paid series D1 Compulsorily Convertible Preference Shares (Series D1 CCPs) in Brainbees Solution Private Limited ('Brainbees') having face value of Rs. 100 per share by making an investment of Rs. 95,06,72,259 constituting 5.86% in Brainbees on fully diluted basis. During the year under review, after the spilt and issue of bonus shares by Brainbees, the Company holds 48,87,180 series D1 CCPS having face value of Rs. 5 each, as on 31st March, 2017.

During the year under review, your Company has acquired 71,73,722 Equity shares held by Technopak Advisors Private Limited in MRPL. Your Company's direct holding in MRPL as on 31st March, 2017 was 31.42%.

None of your subsidiary Company has declared dividend for the current financial year 2016-17.

PERFORMANCE OF SUBSIDIARY COMPANY AND ASSOCIATES

Retail Initiative Holdings Limited recorded revenues of Rs. 0.27 Lakhs as compared to NIL revenue in the previous year. Loss for the year was Rs. 9.61 Lakhs as compared to loss of Rs. 15,606.01 Lakhs in the previous year.

MRPL recorded revenues of Rs. 18,146.16 Lakhs as compared to Rs. 20,305.50 Lakhs in the previous year. Total Comprehensive income for the year was Rs. 17,518.11 Lakhs as compared to loss of Rs. 9,325.28 Lakhs in the previous year.

Mahindra Tsubaki Conveyor Systems Private Limited recorded revenues of Rs. 6,882.18 Lakhs as compared to Rs. 6,452.73 Lakhs in the previous year (As per IND-AS Financials). Total Comprehensive income for the year was Rs. 48.05 Lakhs as compared to Rs. 172.21 Lakhs in the previous year.

CONSOLIDATED FINANCIAL STATEMENT

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), dated 27th July, 2016, exempted a partially owned Subsidiary Company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

The Company has complied with all the conditions as mentioned in the Notification and has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year 31st March, 2017 and onwards.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased from Rs. 75,00,00,000 divided into 7,50,00,000 Equity Shares of Rs. 10 each to Rs. 116,00,00,000 divided into 11,60,00,000 Equity Shares of Rs. 10 each and consequent changes were made to the Memorandum of Association to reflect the same.

During the year under review, your Company issued and allotted 2,21,52,462 Equity Shares of Rs. 10 each for cash at a premium of Rs. 60 per share, aggregating to Rs. 155,06,72,340 to its Holding Company, Mahindra & Mahindra Limited, on Rights basis.

Accordingly, the Paid up Share Capital of the Company stood at Rs.87,45,09,340 divided into 8,74,50,934 equity shares of Rs.10 each as on 31st March, 2017.

Board of Directors

Composition:

Presently the Board consist of the following:

Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Nozar Bharucha	03315303	Non-Executive Director	Non-Independent Director
Mr. Satish Kamat	01536698	Non-Executive Director	Non-Independent Director
Mr. Noshir Dastur	00493177	Non-Executive Director	Independent Director
Mr. Ajay Mehta	07102804	Non-Executive Director	Independent Director

There have not been any changes in Directors during the year.

Mr. Satish Kamat (DIN: 01536698), Director, retires by rotation and being eligible offers himself for re-appointment.

The declarations have been received from Mr. Noshir Dastur (DIN: 00493177) and Mr. Ajay Mehta (DIN: 07102804), 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.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board of Directors met six times during the year under review i.e. on 25th May, 2016, 23rd August, 2016, 4th October, 2016, 20th October, 2016, 23rd December, 2016 and 8th February, 2017. The gap between two consecutive meetings was not more than 120 days.

The 62nd Annual General Meeting of the Company was held on 22nd August, 2016.

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. Nozar Bharucha	6
Mr. Satish Kamat	4
Mr. Noshir Dastur	4
Mr. Ajay Mehta	5

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 27th December, 2016 without the presence of 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 (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 31st March, 2017 the applicable accounting standards have been followed and that there were no material departures in respect thereof;

(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 31st March, 2017 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 had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared annual accounts on a going concern basis; and

(f) 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 Corporate Governance ("the Codes") for its Directors, Senior Management Personnel and designated 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 as well as from the Senior Management Personnel. As regards the declarations from Employees of the Company, there was no employee in the Company during the year under review.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the key managerial personnel of your Company are as below:

Name	Designation
Mr. Mitesh Shah	Chief Executive Officer (CEO)
Mr. Rajvimal Agarwal	Chief Financial Officer (CFO)
Ms. Bhakti Khanna	Company Secretary (CS)

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Committee met four times during the year under review on 25th May, 2016, 23rd August, 2016, 4th October, 2016 and 20th October 2016, and complied with the terms of reference assigned to the Committee.

The Audit Committee comprised of the following members and attendance of the Audit Committee was as under:

Name of the Member	Designation	No. of Meetings attended
Mr. Noshir Dastur	Chairman	3
Mr. Ajay Mehta	Member	4
Mr. Nozar Bharucha	Member	4

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprised of the following members:

Name of the Member	Designation
Mr. Noshir Dastur	Chairman
Mr. Ajay Mehta	Member
Mr. Nozar Bharucha	Member

The Committee met once during the year under review i.e., on 25th May, 2016, which was attended by all the Members of the Committee.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprised of the following members:

Name of the Director	Designation
Mr. Nozar Bharucha	Chairman
Mr. Satish Kamat	Member
Mr. Noshir Dastur	Member

The Committee met once during the year on 25th May, 2016 which was attended by all the Members of the Committee.

Policy on criteria for Appointment/Removal of Directors and Senior Management Personnel and the Policy for 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 furnished as **Annexure I** and forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated Risk Management Policy including therein identified elements of risk which in the opinion of Board 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

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

Annual Report on Corporate Social Responsibility containing particulars specified in Annexure to The Companies (Corporate Social Responsibility Policy) Rules 2014 is given in **Annexure II** and forms part of this report.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) were appointed as Statutory Auditors of your Company at the Sixty-Second Annual General Meeting (AGM) to hold office up to the conclusion of the Sixty-Third AGM. Their term as Statutory Auditors is up to the conclusion of the forthcoming AGM.

Pursuant to the first proviso of Section 139(2) of the Companies Act, 2013 and the rules framed thereunder, members are requested to appoint M/s B.K.Khare & Co, Chartered Accountants, (ICAI Registration No 105102W) as Statutory Auditors at the Sixty-Third AGM and fix their remuneration, for a five year period subject to ratification by the members at every AGM of the Company. If appointed, the statutory auditors would hold office till the conclusion of the Sixty-eighth AGM.

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 made, would be in conformity with the conditions, limits and criteria specified therein.

The members are requested to approve the appointment of M/s. B.K. Khare & Co. as the Statutory Auditors and authorize the Board of Directors to fix their remuneration.

Your Directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditors of your Company for the financial year ended 31st March, 2017 and subsequent financial years unless otherwise resolved by the Board.

A Secretarial Audit Report for the financial year ended 31st March, 2017 issued by the Secretarial Auditors pursuant to the aforesaid provisions is provided as **Annexure III** and forms part of this report.

Your Directors confirm that the Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

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 financial year ended 31st March, 2017 to conduct the Internal Audit of the Company.

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.

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 IV** to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans given, investments made, and guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review are given in the note no. 28 in financial statements and the same forms part of this report.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of 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 & Mahindra Limited

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements entered with related parties pursuant to Section 188(1) of the Companies Act, 2013. Further there were no transactions with related parties which are required to be disclosed under Form AOC-2, pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

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, 2017 is attached herewith as **Annexure V** and forms part of this Report.

NTERNAL FINANCIAL CONTROL

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.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

DEMATERIALISATION OF SHARES

The shares of your Company have been admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE831W01014.

REGISTAR AND SHARE TRANSFER AGENT

During the year, the Board of Directors of your Company at their meeting held on 23rd December, 2016, have appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent of the Company.

CORE INVESTMENT COMPANY

Your Company falls under the category of Core Investment Company as per Reserve Bank India ('RBI') Act, 1934.

For the Financial Year ended on 31st March, 2017, the Company has –

- Total Assets (i.e. assets appearing on the assets side of balance sheet) amounting to Rs. 679.30 crores.
- The Company's investments in Group Companies stood at Rs. 651.09 crores.

The Company is exempt from registration with RBI under Section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US)2011 dated 5th January, 2011 (issued under Section 45NC of the RBI Act).

GENERAL DISCLOSURES:

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company does not have a Managing Director/Whole Time Director.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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

Nozar Bharucha	**Satish Kamat**
Director	Director

Mumbai, 28th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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 Engineering and Chemical Products Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"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 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 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 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.

POLICY FOR REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Engineering and Chemical Products Limited.

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 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.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised, from time to time, 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.

For and on behalf of the Board

Nozar Bharucha
Director

Satish Kamat
Director

Mumbai, 28th April, 2017

ANNEXURE II 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:

Mahindra Engineering and Chemical Products Limited (MECP) is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of MECP is to serve and give back to the communities within which it works. The commitment to CSR will be manifested by investing resources in the areas like promoting education, promoting gender equality, empowering women, ensuring environmental sustainability, rural development projects, etc.

(2) The Composition of the CSR Committee:

The CSR Committee of the Board comprises of the following Board members:

Name of Director	Designation
Mr. Nozar Bharucha	Chairman
Mr. Satish Kamat	Member
Mr. Noshir Dastur	Member

(3) Average net profit of the Company for last three financial years is : Rs. 140 lakhs

(4) Prescribed CSR expenditure:

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made there under, the Company is required to spend 2% of the average net profit of the last three years as computed in accordance with the provisions of Section 198 for the purpose of Section 135: Rs. 2,80,181

(5) Details of CSR Spent during the Financial Year.

(a) Total amount spent for the financial year: Rs. 2,80,181

(b) Amount unspent, if any: Nil

(c) Manner in which the amount was spent during the financial year 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 programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken**	**Amount outlay (budget) project or programme wise**	**Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount Spent direct or through implementing agency**
1	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	Education	(1) Others (2) Maharashtra	Rs. 2,80,181	Rs. 2,80,181	Rs. 2,80,181	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) 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) A responsibility statement of the CSR Committee - 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

Satish Kamat
Member

Nozar Bharucha
Chairman CSR Committee

Mumbai, 28th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended March 31, 2017
Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,

The Members,

Mahindra Engineering and Chemical Products Limited

Gateway Building, Apollo Bunder,

Mumbai – 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Engineering and Chemical Products 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 **Mahindra Engineering and Chemical Products Limited'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 31st March, 2017**, 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, 2017** 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**

(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') are **Not Applicable to the 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 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;

  (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 (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 the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable.**

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.

We further report that:

1. The Board is constituted with Non-Executive Directors and Independent Directors.
2. 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 or on a shorter notice with the consent of the Directors, 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.
3. 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 Company has:

1. Taken the approval of the shareholders through Special Resolution in the Annual General Meeting held on 22nd August, 2016 for maintenance of Register of Members and Annual Returns at a place other than the Registered office of the Company.
2. Taken the approval of the shareholders through Ordinary Resolution in the Extraordinary General Meeting held on 5th October, 2016 to increase the Authorized Share Capital of the Company from Rs.75,00,00,000/- (Rupees Seventy Five Crores Only) divided into 7,50,00,000 (Seven Crores fifty lakhs) Equity Shares of Rs. 10/- each (Rupees Ten each) to Rs. 116,00,00,000 (Rupees One hundred and sixteen Crores Only) divided into 11,60,00,000 (Eleven Crores Sixty lakhs) equity share of Rs. 10/- each.
3. Taken the approval of the shareholders through Special Resolution in the Extraordinary General Meeting held on 5th October, 2016 to increase the limits of loans and investments in any person or bodies corporate upto an aggregate amount not exceeding Rs. 1100 Crores.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221 C P. No. 5676

Place: Mumbai
Date: April 28, 2017

'Annexure A'

To,

The Members,

Mahindra Engineering and Chemical Products Limited

Gateway Building, Apollo Bunder,

Mumbai – 400001

Our report 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 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 **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: April 28, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: Though Your Company is not energy intensive, necessary steps are being taken to conserve energy.

(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 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange Earned	**Nil**	Nil
Total Foreign Exchange Used	**4.66**	65.83

For and on behalf of the Board

Nozar Bharucha
Director

Satish Kamat
Director

Mumbai, 28th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U74999MH1954PLC019908
2.	**Registration Date**	7th June,1954
3.	**Name of the Company**	Mahindra Engineering and Chemical Products Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of the Registered office & contact details**	Gateway Building, Apollo Bunder, Mumbai - 400001 Tel No. 022 2289550
6.	**Whether listed Company**	No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: www.karvycomputershare.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.	Interest Income on Inter Corporate Deposits	Not Available	22.91%
2.	Dividend income- from Long Term Investments of Associate	Not Available	33.82%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associates	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gatway Buillding, Apollo Bunder, Mumbai – 400001.	L65990MH1945PLC00455	Ultimate Holding Company	99.99	2 (46)
2.	Retail Initiative Holdings Limited (RIHL) Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai – 400018	U67110MH2008PLC188837	Subsidiary Company	100	2 (87) (ii)
3.	Mahindra Retail Private Limited (MRPL) Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai – 400018	U52190MH2007PTC173762	*Subsidiary Company	100	2 (87) (ii)
4.	Mahindra Tsubaki Conveyor Systems Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai – 400018	U29268MH2010PTC198438	Associate Company	49	2 (6)

* MRPL is Subsidiary of RIHL and includes 68.58% shares held by RIHL

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 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. **Indian**									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	65,298,472	65,298,472	100	87,450,916	18	87,450,934	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	–	65,298,472	65,298,472	100	87,450,916	18	87,450,934	100	–
2. **Foreign**									
a. NRI Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corp.	–	–	–	–	–	–	–	–	–
d. Any Others	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	–	–	–	–	–	–	–	–	–
TOTAL (A)	–	**65,298,472**	**65,298,472**	**100**	**87,450,916**	**18**	**87,450,934**	**100**	**–**
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt	–	–	–	–	–	–	–	–	–
d. State Govt(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Companies	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. **Non-Institutions**									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian									
ii) Overseas									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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)									
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public (B)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	–	**65,298,472**	**65,298,472**	**100**	**87,450,916**	**18**	**87,450,934**	**100**	–

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2016			Shareholding at the end of the year as on 31st March, 2017			% 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	65,298,454	99.9	–	87,450,916	99.9	–	–
2	*Mahindra & Mahindra Limited jointly with Mr. Keshub Mahindra	1	–	–	1	–	–	–
3	*Mahindra & Mahindra Limited jointly with Mr. A K Nanda	2	–	–	2	–	–	–
4	*Mahindra & Mahindra Limited jointly with Mr. M Raghuram	1	–	–	1	–	–	–
5	*Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi	1	–	–	1	–	–	–
6	*Mahindra & Mahindra Limited jointly with Mr. M A Nazareth	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2016			Shareholding at the end of the year as on 31st March, 2017			% 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	
7	*Mahindra & Mahindra Limited jointly with Mr. A M Choksey	1	–	–	1	–	–	
8	*Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey	1	–	–	1	–	–	
9	*Mahindra Holdings Limited	10	–	–	10	–	–	
	Total	**65,298,472**	**100**	–	**87,450,934**	**100**	–	–

* Jointly held with Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of the Companies Act, 2013 with regard to minimum number of members.

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

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year (1st April, 2016)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year (As on 31st March, 2017)	
				No. of shares	% of total shares		No. of shares	% of total shares
	At the beginning of the year	–	–	65,298,472	100	–	–	–
	Changes during the year	23.11.2016	Allotment	–	–	13,581,033	78,879,505	–
		21.12.2016	Allotment	–	–	5,714,286	84,593,791	–
		11.03.2017	Allotment	–	–	2,857,143	87,450,934	–
	At the end of the year				–	22,152,462	87,450,934	100

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

Sr. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares		No. of shares	% of total shares
1	Name							
	At the beginning of the year	–	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–	–
2	Name							
	At the beginning of the year	–	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: Nil

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name						
	At the beginning of the year	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–
2	Name						
	At the beginning of the year	–	–	–	–	–	–
	Changes during the year	–	–	–	–	–	–
	At the end of the year	–	–	–	–	–	–

V. INDEBTEDNESS: NIL

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

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
	Name	NA	NA	NA	(Rs.)
	Designation				
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	–	–	–	–

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Name	NA	NA	NA	(Rs.)
	Designation				
3.	Sweat Equity	–	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–			

B. Remuneration of other directors:

				Rs. in Lakhs
Sr. No	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Noshir Dastur	Mr. Ajay Mehta	
1.	Independent Directors • Fee for attending board/committee meetings	1.30	1.50	2.80
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	1.30	1.50	2.80
2.	Other Non-Executive Directors	–	–	–
	• Fee for attending board/committee meetings	–	–	–
	• *Commission	0.42	0.42	0.84
	• Others, please specify	–	–	–
	Total (2)	**0.42**	**0.42**	**0.84**
	Total B = (1+2)	**1.72**	**1.92**	**3.64**
	Total Managerial Remuneration			3.64
	Over all Ceiling as per the Act	As per the provisions of Section 197 and schedule V of the Companies Act, 2013		

* Subject to the approval of the shareholders at the Annual General Meeting

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

					Rs. in Lakhs
Sr. No	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs)
		CEO	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				
	Others	4.25		2.01	–
	Professional Fees		3.00		–
	Total	**4.25**	**3.00**	**2.01**	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Nozar Bharucha
Director

Satish Kamat
Director

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA ENGINEERING AND CHEMICAL PRODUCTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA ENGINEERING AND CHEMICAL PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 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 31st March, 2017, 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, 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 20 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.

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification No S.0.3407 (E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016") 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: 28th April, 2017

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 Engineering And Chemical Products Limited on the financial statements for the year ended 31st March, 2017)

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

We have audited the internal financial controls over financial reporting of Mahindra Engineering And Chemical Products Limited ("the Company") as of March 31, 2017 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, 2017, 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: 28th April, 2017

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 Engineering And Chemical Products Limited on the financial statements for the year ended 31st March 2017)

(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 physically verified the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regards to the size of the Company and the nature of the assets.

(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 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 making investments. The Company has not granted any loans, or provided guarantees and securities.

(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 Income-tax, Sales Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Cess and any other statutory dues and other material statutory dues in arrears as at 31st March, 2017 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 and Cess which have not been deposited as on March 31, 2017 on account of disputes are given.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Sales-Tax Laws	Sales tax	Appellate Authority-Commissioner (Appeals)	AY 2009-10	749,267	749,267

(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 material 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) 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-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)

Place: Mumbai
Date: 28th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31st March, 2017 Rupees	As at 31st March, 2016 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3	**874,509,340**	652,984,720
(b) Reserves and surplus	4	**5,903,405,151**	4,572,157,341
		6,777,914,491	5,225,142,061
(2) Non-current liabilities			
(a) Deferred tax liabilities (net)	27	**19,214**	566,196
(b) Other long term liabilities	5	**10,000,000**	10,000,000
(c) Long-term provisions	5a	**473,349**	1,387,378
		10,492,563	11,953,574
(3) Current liabilities			
(a) Trade payables	6		
– total outstanding dues of micro enterprises and small enterprises; and		**–**	–
– total outstanding dues of creditors other than micro enterprises and small enterprises		**4,557,191**	2,390,620
(b) Other current liabilities	7	**71,107**	95,088
(c) Short-term provisions	8	**–**	1,191,005
		4,628,298	3,676,713
TOTAL		**6,793,035,352**	5,240,772,348
II. ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment			
(i) Tangible assets	9	**2,208,882**	4,517,781
(b Non-current investments	10	**6,561,081,750**	4,983,915,403
(c) Long-term loans and advances	11	**135,072,843**	134,963,175
		6,696,154,593	5,118,878,578
(2) Current Assets			
(b) Trade receivables	12	**34,444**	6,770,700
(c) Cash and cash equivalents	13	**73,548,226**	63,213,470
(c) Other bank balances	13	**19,000,000**	–
(d) Short-term loans and advances	14	**1,099,045**	42,767,858
(e) Other current assets	15	**990,162**	4,623,961
		94,671,877	117,375,989
TOTAL		**6,793,035,352**	5,240,772,348

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIALS STATEMENTS

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

Uday M. Neogi
Partner

Date : 28th April, 2017
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha	Director
Satish Kamat	Director
Mitesh Shah	Chief Executive Officer
Rajvimal Agarwal	Chief Financial Officer
Bhakti Khanna	Company Secretary

Date : 28th April, 2017
Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Particulars	Note No.	For the year ended 31st March, 2017 Rupees	For the year ended 31st March, 2016 Rupees
I.	Revenue from operations (gross)		**8,600,614**	18,657,805
	Less: Excise duty		**–**	–
	Revenue from operations (net)	16	**8,600,614**	18,657,805
II.	Other Income	17	**6,431,201**	6,201,769
III.	**Total Revenue**		**15,031,815**	24,859,574
IV.	**Expenses:**			
	Purchase of Stock-in-Trade (Marine Engine)		**–**	6,444,750
	Finance costs	18	**–**	121,830
	Depreciation expense	9 & 10A	**1,432,140**	437,242
	Other expenses	19	**10,863,490**	8,628,556
	Total Expenses		**12,295,630**	15,632,378
V.	Profit/(loss) before exceptional item and tax		**2,736,185**	9,227,196
VI.	Exceptional Item			
	a) Provision for dimunition in value of long term investments (refer Note 11 - Non-Current Investments)		**–**	(1,370,000,000)
	b) Provision for impairment in value of fixed assets (refer Note 9 - Tangible Assets)		**(1,882,671)**	–
VII.	Profit/(Loss) before tax		**853,514**	(1,360,772,804)
VIII.	Tax expense:			
	(1) Current tax		**1,400,000**	4,000,000
	(2) Short/(Excess) provision for tax relating to prior years (net)		**(2,099,594)**	535,237
	(3) Deferred Tax		**(546,982)**	24,702
			(1,246,576)	4,559,939
IX.	Profit/(Loss) for the year		**2,100,090**	(1,365,332,743)
X.	Earnings per equity share (Face Value per share Rs. 10):			
	Basic/Diluted	26	**0.03**	(23.69)

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIALS STATEMENTS

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

Uday M. Neogi
Partner

Date : 28th April, 2017
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha	Director
Satish Kamat	Director
Mitesh Shah	Chief Executive Officer
Rajvimal Agarwal	Chief Financial Officer
Bhakti Khanna	Company Secretary

Date : 28th April, 2017
Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
		Rupees	**Rupees**	Rupees	Rupees
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit/(Loss) before tax:		**853,514**		(1,360,772,804)
	Adjustments for:				
	Depreciation	**1,432,140**		437,242	
	Provision for diminution in long term investments	**–**		1,370,000,000	
	Provision for impairment in fixed assets	**1,882,671**		–	
	Provision no longer required written back	**(115,107)**		–	
	Finance costs	**–**		121,830	
	Stamp duty, registration charges on increase in authorised and issued share capital	**5,450,585**		2,934,245	
	Interest on Fixed Deposit	**(5,596,094)**		(4,302,477)	
	Rental income from investment property	**(720,000)**		(675,000)	
	Gain on sales of long term investments	**–**		–	
			2,334,195		1,368,515,840
	Operating Loss before Working Capital changes		**3,187,709**		7,743,036
	Adjustments for changes in working capital:				
	Trade Receivables	**6,736,256**		(6,519,079)	
	Short term Loans and advances	**(500,880)**		(80,603)	
	Other long term & current liabilities	**(23,981)**		(31,075)	
	Trade Payables	**2,166,570**		698,660	
	Purchase of long term investments				
	– Subsidiary	**(627,500,000)**		(1,130,000,000)	
	– Associate	**(950,672,259)**		–	
	Intercorporate deposits recovered from others	**42,642,467**		7,357,533	
	Interest received on Intercorporate deposits	**4,144,848**		235,427	
			(1,523,006,979)		(1,128,339,137)
	Cash generated from operations		**(1,519,819,270)**		(1,120,596,100)
	Income taxes paid (net of refunds)		**(1,872,774)**		(2,808,996)
	Net Cash flow/(used in) Operating activities		**(1,521,692,044)**		(1,123,405,096)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Rental Income from Investment Property	**720,000**		675,000	
	Interest received on fixed deposit	**5,085,045**		3,844,077	
	Bank Balances not considered as Cash and Cash equivalents				
	– Placed	**(19,000,000)**		–	
			(13,194,955)		4,519,077
	Net Cash used in investing activities		**(13,194,955)**		4,519,077

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

	Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
		Rupees	**Rupees**	Rupees	Rupees
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from issuance of Share Capital (including securities premium)	**1,550,672,340**		1,130,000,000	
	Stamp duty, registration charges on increase in authorised and issued share capital	**(5,450,585)**		(2,934,245)	
	Finance costs	**–**		(121,830)	
	Net Cash from financing activities		**1,545,221,755**		1,126,943,925
D	**NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)**		**10,334,756**		8,057,906
	Cash and cash equivalents at the beginning of the year (refer note 13)		**63,213,470**		55,155,564
	Cash and cash equivalents at the end of the year (refer note 13)		**73,548,226**		63,213,470
			10,334,756		8,057,906
	Reconciliation of Cash and cash equivalents with the Balance Sheet:				
	Cash and cash equivalents as per Balance Sheet (Refer note 13)				
	Component of cash and cash equivalents				
	with banks : in current accounts		**754,071**		919,315
	in deposit account		**72,794,155**		62,294,155
			73,548,226		63,213,470

Notes:

1 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

Date : 28th April, 2017
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha	Director
Satish Kamat	Director
Mitesh Shah	Chief Executive Officer
Rajvimal Agarwal	Chief Financial Officer
Bhakti Khanna	Company Secretary

Date : 28th April, 2017
Place : Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information:

Mahindra Engineering and Chemical Products Limited is a public limited company incorporated on 7th June, 1954 under the Companies Act, 1956. The Company's main activity is carrying on the business of offering services and trading/distributing, etc. of boats and yachts of all kinds and engines.

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 it 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 Property, Plant and Equipment:

(a) 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. 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) Depreciation on fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.6 Investment Property:

(a) Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to intial recognition,investment property is accounted in accordance with the Cost Model prescribed in AS-10.

(b) Depreciation on Investment Property is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.7 Revenue Recognition:

Sale of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer.

Sale 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 the dividend is established.

2.9 Foreign Currency Transactions and Translations:

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 and the resulting exchange differences arising on transactions/translations are recognised as income or expense in the Statement of Profit and Loss.

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 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.

2.12 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 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.

2.13 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

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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.

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.

Note 3 – Share capital

	Particulars	As at 31st March, 2017		As at 31st March, 2016	
		Number of Shares	**Rupees**	Number of Shares	Rupees
(a)	**Authorised**				
	Equity shares of Rs. 10 each	**116,000,000**	**1,160,000,000**	75,000,000	750,000,000
		116,000,000	**1,160,000,000**	75,000,000	750,000,000
(b)	**Issued**				
	Equity shares of Rs. 10 each	**87,450,934**	**874,509,340**	65,298,472	652,984,720
		87,450,934	**874,509,340**	65,298,472	652,984,720
(c)	**Subscribed**				
	Equity shares of Rs. 10 each	**87,450,934**	**874,509,340**	65,298,472	652,984,720
		87,450,934	**874,509,340**	65,298,472	652,984,720
(d)	**Fully paid up**				
	Equity shares of Rs. 10 each	**87,450,934**	**874,509,340**	65,298,472	652,984,720
		87,450,934	**874,509,340**	65,298,472	652,984,720

(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 31st March, 2017				
Number of shares	**65,298,472**	**22,152,462**	**–**	**87,450,934**
Amount	**652,984,720**	**221,524,620**	**–**	**874,509,340**
Year ended 31st March, 2016				
Number of shares	48,498,472	16,800,000	–	65,298,472
Amount	484,984,720	168,000,000	–	652,984,720

(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: in proportion to his share of the paid up equity capital of the Company. The same are subject to restrictions contained in the Articles in this regard. 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 31st March, 2017	As at 31st March, 2016
Mahindra & Mahindra Limited, the holding Company (including 8 equity shares held jointly with its nominees)	**87,450,924**	65,298,462

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(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra & Mahindra Limited (including 8 equity shares held jointly with its nominees)	**87,450,924**	**99.99%**	65,298,462	99.99%

Note 4 – Reserves and surplus

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Capital Reserve:	**1,015,444**	1,015,444
Securities Premium Account:		
Opening balance	**5,391,000,000**	3,879,000,000
Add : Premium on shares issued during the year	**1,329,147,720**	1,512,000,000
Closing Balance	**6,720,147,720**	5,391,000,000
General Reserve:	**41,423,458**	41,423,458
Surplus in the statement of profit and loss		
Opening balance	**(861,281,561)**	504,051,182
Add: Profit/(Loss) for the year	**2,100,090**	(1,365,332,743)
Closing balance	**(859,181,471)**	(861,281,561)
Total	**5,903,405,151**	4,572,157,341

Note 5 - Other long term liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Security Deposit	**10,000,000**	10,000,000
Total	**10,000,000**	10,000,000

Note 5a - Long-term provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Provision Others:		
Provision for Income Tax (net of advance tax)	**473,349**	1,387,378
Total	**473,349**	1,387,378

Note 6 - Trade payables

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Trade Payables		
– total outstanding dues of micro enterprises and small enterprises ; and	**–**	–
– total outstanding dues of creditors other than micro enterprises and small enterprises	**4,557,191**	2,390,620
Total	**4,557,191**	2,390,620

Note: 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.

Note 7 - Other current liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Other payables:		
Statutory remittances (withholding taxes etc.)	**71,107**	95,088
Security Deposit	**–**	–
Total	**71,107**	95,088

Note 8 - Short term provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Provision Others:		
Provision for Income Tax (net of advance tax)	**–**	1,191,005
Total	**–**	1,191,005

Note 9 – Property, Plant and Equipment- Tangible

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1st April, 2016 Rupees	Additions during the year Rupees	Disposals during the year Rupees	**Balance as at 31st March, 2017 Rupees**	Balance as at 1st April, 2016 Rupees	For the year Rupees	Impairment Rupees	Other Adjustments Rupees	**Balance as at 31st March, 2017 Rupees**	**Balance as at 31st March, 2017 Rupees**
Tangible Assets										
Vehicles (Vessels - Speed boat)*	5,818,845	–	–	**5,818,845**	1,309,946	426,228	1,882,671	–	**3,618,845**	**2,200,000**
	(5,818,845)	(–)	(–)	**(5,818,845)**	(883,711)	(426,235)	–	–	**(1,309,946)**	**(4,508,899)**
Computers and data processing units	177,648	–	–	**177,648**	168,766	–	–	–	**168,766**	**8,882**
	(177,648)	(–)	(–)	**(177,648)**	(157,759)	(11,007)	–	–	**(168,766)**	**(8,882)**
Total	5,996,493	–	–	**5,996,493**	1,478,712	426,228	1,882,671	–	**3,787,611**	**2,208,882**
Previous year	(5,996,493)	(–)	(–)	**(5,996,493)**	(1,041,470)	(437,242)	–	–	**(1,478,712)**	**(4,517,781)**

* Company has applied for getting permanent registration of Speed boat with the concerned authority.

Figures in brackets are in respect of the previous year.

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Note 10 - Non-current investments

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
A. Trade Investments (Unquoted)		
a) Investments in Equity Instruments		
Subsidiaries:		
Retail Initiative Holdings Limited [20,550,000 shares (previous year 20,550,000 shares) having face value of Rs. 10 each, fully paid]	**205,500,000**	205,500,000
Mahindra Retail Private Limited [235,174,722 shares (previous year 168,001,000 shares) having face value of Rs.10/- each fully paid]	**2,307,510,000**	1,680,010,000
Associates:		
Mahindra Tsubaki Conveyor Systems Private Limited (formerly known as Mahindra Conveyor Systems Private Limited) [15,376,025 shares (previous Year 15,376,025 shares) having face value of Rs. 10 each, fully paid] *	**183,140,553**	183,140,553
Brainbees Solutions Private Limited [48,87,180 Compulsorily Convertible Preference Shares (Previous Year-NIL) having face value of Rs. 5 each, fully paid]	**950,672,259**	–
b) Investment in Compulsorily Fully Convertible Debentures		
Subsidiaries:		
Investment in 0% Unsecured Compulsorily Fully Convertible Debentures of Retail Initiative Holdings Limited (4,944,053 debentures (previous year 4,494,053 debentures) having face value of Rs. 1,000 each, fully paid)	**4,944,053,000**	4,944,053,000
Sub Total (A)	**8,590,875,812**	7,012,703,553
B. Other investments		
a) Investments in Equity Instruments (Unquoted)		
Mahindra Logistics Limited [100 shares having face value of Rs. 10 each, fully paid]	**1,000**	1,000
b) Investment Property		
– Residential Flat in Co-operative Society (including 5 shares of Rs. 50 each in Mahindra Heights Co-op. Housing Society Limited) Refer Note 10A	**50,204,938**	51,210,850
Sub Total (B)	**50,205,938**	51,211,850
Sub Total (A+B)	**8,641,081,750**	7,063,915,403
Less : Provision for diminution in value of Long Term Investments	**(2,080,000,000)**	(2,080,000,000)
Total	**6,561,081,750**	4,983,915,403

Aggregate amount of unquoted investments (net of provisions) is Rs. 6,510,876,812 (previous year Rs. 4,932,704,553).

Note 10A-

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
I. Cost		
Opening Balance	**51,210,850**	51,210,850
Additions during the year	**–**	–
Disposals during the year	**–**	–
Closing Balance	**51,210,850**	51,210,850
II. Accumulated depreciation and Impairment for the year		
Opening Balance	**–**	–
Charge for the year	**1,005,912**	–
Impairment/Other Adjustments during the year	**–**	–
Closing Balance	**1,005,912**	–
Net Block (I-II)	**50,204,938**	51,210,850

Note 11 – Long term loans and advances

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Advance income tax (Net of provisions)	**135,072,843**	134,963,175
Total	**135,072,843**	134,963,175

Note 12 – Trade receivables

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	**–**	–
Other Trade receivables	**34,444**	6,770,700
Total	**34,444**	6,770,700

Note 13 – Cash and cash equivalents and other bank balances

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
A. Cash and Cash Equivalents		
(i) In current accounts	**754,071**	919,315

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Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
(ii) In Fixed Deposit Receipts	**72,794,155**	62,294,155
– Original maturity of 3 months or less		
Total cash and cash equivalents (as per AS 3 Cash Flow Statement) (A)	**73,548,226**	63,213,470
B. Other bank balances		
(ii) In Fixed Deposit Receipts		
– Original maturity of more than 3 months	**19,000,000**	–
Total Other Bank balances (B)	**19,000,000**	–

Note 14 – Short term loans and advances

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Unsecured, considered good		
(a) Prepaid expenses	**25,649**	33,095
(b) Inter Corporate deposits	**–**	42,642,467
(c) Balances with government authorities		
Service Tax credit receivable	**145,618**	92,296
(d) Advance income tax (Net of provisions)	**472,774**	–
(d) Advance to vendors	**455,004**	–
Total	**1,099,045**	42,767,858

Note 15 – Other current assets

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Accruals		
(a) Interest accrued on Inter Corporate Deposit	**–**	4,144,848
(b) Interest accrued on Fixed Deposit	**990,162**	479,113
Total	**990,162**	4,623,961

Note 16 – Revenue from operations

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Sale of Traded Products (Marine Engines)	**–**	6,638,100
Interest income on Inter Corporate deposits	**3,444,142**	8,230,045
Dividend Income from long-term investments - Associate	**5,084,472**	3,789,660
Sale of Services (Boat hiring)	**72,000**	–
Total	**8,600,614**	18,657,805

Note 17 – Other income

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Rental Income from Investment Property (Long term investment)	**720,000**	675,000
Sale of scrap	**–**	1,224,292
Provision no longer required written back	**115,107**	–
Interest Income from Fixed Deposits	**5,596,094**	4,302,477
Total	**6,431,201**	6,201,769

Note 18 – Finance costs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Interest on delayed/deferred payment of income tax	**–**	121,830
Total	**–**	121,830

Note 19 – Other expenses

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Repairs and maintenance -		
Boat	**1,380,703**	385,207
Buildings	**208,589**	179,315
Expenditure on Corporate Social Responsibility (refer Note 29)	**280,181**	210,667
Insurance	**54,213**	48,487
Rates & Taxes (excluding taxes on income)	**37,355**	107,424
Payment to Auditors - (including service tax) [refer note (i)]	**307,580**	262,200
Deputation Charges	**1,200,297**	904,354

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Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Professional and Legal Fees	**1,525,680**	2,773,333
Stamp duty, registration charges on increase in authorised and issued share capital	**5,450,585**	3,334,245
Sitting Fees for Directors	**280,000**	350,000
Printing and Stationery	**–**	10,500
Travelling & Conveyance	**–**	14,223
Commission to directors	**84,624**	–
Exchange Gain/(Loss) on Forex	**11,149**	–
Miscellaneous expenses	**42,534**	48,601
Total	**10,863,490**	8,628,556

Note (i) Auditors' remuneration

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Rupees	Rupees
Auditors' remuneration includes payment to auditors -		
a) Audit Fees	**220,200**	262,200
b) Other Services	**86,250**	–
c) For reimbursement of expenses	**1,130**	–
	307,580	262,200

Note 20 - Contingent Liability (to the extent not provided for):

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Rupees	Rupees
Income Tax matters:		
Income tax demand in respect of which the Company is in appeal	**6,324,727**	15,469,067
Income tax demand where the matters have been decided in favour of the Company against which the income tax department may go in appeal	**130,026,279**	125,413,425
Sales Tax matters (AY 2009-10)	**749,267**	749,267
Total	**137,100,273**	141,631,759

Note 21 - Commitments (to the extent not provided for):

The Company has already given letter of comfort to a bank of Mahindra Retail Private Limited with respect to financial facilities aggregating to Rs. 950,900,000 (previous year Rs. 950,900,000) granted by the said bank to Mahindra Retail Private Limited.

Note 22 - Value of Imports calculated on CIF basis.

Particulars	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
	Rupees	Rupees
Marine Engines	**–**	6,444,750

Note 23 - Year end foreign currency exposures that has not been hedged by a derivative instrument or others:

Particulars	For the Year ended 31st March, 2017		For the Year ended 31st March, 2016	
	INR	Foreign Currency	INR	Foreign Currency
Advances to Vendors	**455,004**	**USD 6967.90**	–	–

Note 24 – Segment Reporting

a) Primary Segment - Business Segment

The Company has identified business segments as its primary segment and there are no geographical segments. Business segments are primarily Trading of Engines, Investing activities and Speed Boat. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on effort estimate basis for the segment. All other expenses which are not attributable or allocable to segments have been disclosed as net of unallocated income. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary segment.

Particulars	Trading of Engines		Investing activities		Speed Boat		Total	Total
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	–	6,638,100	8,528,614	12,019,705	72,000	–	8,600,614	18,657,805
Inter-segment revenue	–	–	–	–	–	–	–	–
Total	**–**	6,638,100	**8,528,614**	12,019,705	**72,000**	–	**8,600,614**	18,657,805
Exceptional item							–	–
Segment Result	**–**	193,350	8,215,630	1,358,231,166	(3,669,539)	(845,272)	4,546,091	1,358,883,058
Finance Costs	**–**	–	–	–	–	–	–	(121,830)
Unallocated income net of unallocated corporate expenses	**–**	–	–	–	–	–	(3,692,577)	(1,889,716)

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Particulars	Trading of Engines		Investing activities		Speed Boat		Total	Total
	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees
Profit/(Loss) before tax	–	–	–	–	–	–	853,514	(1,360,772,804)
Income Taxes	–	–	–	–	–	–	(1,246,576)	4,559,939
Profit/(Loss) after tax	–	–	–	–	–	–	2,100,090	(1,365,332,743)
Other Information								
Segment assets	–	6,770,700	6,510,876,812	4,979,491,868	2,715,097	4,541,994	6,513,591,909	4,990,804,562
Unallocated corporate assets	–	–	–	–	–	–	279,443,443	249,967,786
Total assets							6,793,035,352	5,240,772,348
Segment liabilities	–	–	–	–	1,154,398	380,511	1,154,398	380,511
Unallocated corporate liabilities	–	–	–	–	–	–	13,966,463	15,249,776
Total liabilities							15,120,861	15,630,287
Depreciation expenditure (allocable)	–	–	–	–	426,228	426,235	426,228	426,235
Depreciation expenditure (unallocable)	–	–	–	–	–	–	1,005,912	11,007
Provision for dimnuition in value of fixed assets	–	–			1,882,671	–	1,882,671	–

b) Secondary Segment – Geographical segment

The company does not have any geographical segment.

Note 25 – Related Party transactions:

Related party disclosures as required by AS-18 "related party disclosures" are given below.

A) Name of the related party and nature of relationship:

Name of Related Party	Nature of Relationship
Holding Company	Mahindra & Mahindra Ltd.
Subsidiary Company	Retail Initiative Holdings Limited
	Mahindra Retail Private Limited
Fellow subsidiaries	Mahindra Logistics Limited
	Mahindra Intertrade Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Lifespace Developers Ltd
Associate Company (w.e.f. 1st August, 2014)	Mahindra Tsubaki Conveyor Systems Private Limited
	(formerly known as Mahindra Conveyor Systems Private Limited)
Associate Company (w.e.f. 15th October, 2016)	Brainbees Solutions Private Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

B) Disclosure of transactions between the company and related parties during the year ended 31 March, 2017 including Outstanding receivable and Outstanding payable:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions	Amount Outstanding at the end of year	
			Rupees	Payable in Rupees	Receivable in Rupees
Mahindra & Mahindra Ltd.	Holding Company	Interest repaid on Intercorporate Deposit	–	–	–
			(–)	(–)	(–)
		Issue of shares (including securities premium)	1,550,672,340	–	–
			(1,680,000,000)	(–)	(–)
		Share application money received	–	–	–
			(–)	(–)	(–)
		Rent Deposit received	–	10,000,000	
			(–)	(10,000,000)	(–)
		Rent income	720,000		
			(675,000)	(–)	(–)
		Income from Services rendered	–		
			(–)	(–)	(–)
		Deputation Charges	727,294	1,348,308	
			(810,412)	(684,298)	(–)
		Professional Fees	530,108	860,840	
			(474,453)	(390,840)	–
		Income from Boat hiring charges	10,000		10,414
			(–)	(–)	(–)
		Insurance Charges	12,608	12,608	
			(–)	(–)	(–)
Retail Initiative Holdings Limited		Investment in compulsorily fully convertible debentures	–	–	4,944,053,000
			(–)	(–)	(4,944,053,000)
Mahindra Retail Private Limited	Subsidiary	Investment in equity shares	600,000,000	–	–
			(1,550,000,000)	(–)	(–)
Mahindra Intertrade Limited	Fellow Subsidiary	Deputation Fees	200,835	–	
			(93,942)	(85,738)	(–)
Mahindra Lifespace Developers Ltd	Fellow subsidiary	Sale of scrap	–	–	–
			(1,224,292)	(–)	(–)
Mahindra Tsubaki Conveyor Systems Private Limited	Associate	Dividend income	5,084,472	–	–
			3,789,660	(–)	(–)
Brainbees Solutions Private Limited	Associate	Investment in Compulsory Convertible Preference Shares of the Company	950,672,259	–	–
			(–)	(–)	(–)

Note:-

1. Figures in brackets are in respect of the previous year.
2. No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.

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Note 26 - Earning per Share

Particulars	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Profit/(Loss) after tax (A)	**2,100,090**	(1,365,332,743)
Weighted average number of shares Basic (B)	**71,614,794**	57,636,997
Earnings per share Basic/Diluted (Rupees) (A/B)	**0.03**	(23.69)
Nominal value of equity share (Rupees)	**10**	10

Note 27 - Deferred tax (liability)/asset (net) :

Particulars	As at 31st March, 2017	As at 31st March, 2016
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**(19,214)**	(566,196)
Deferred Tax Liability (net)	**(19,214)**	(566,196)

Note 28 - Particulars of loans given\investments made\guarantees given, as required by clause (4) of Section 186 of the Companies Act, 2013

Name of party	Nature	For the Year ended 31st March, 2017	As at 31st March, 2017	Period	Rate of interest	Purpose
Brainbees Solutions Private Limited	Investment in Compulsory Convertible Preference Shares	**950,672,259**	**950,672,259**	NA	NA	General business purpose
Retail Initiative Holdings Limited	Investment in Equity shares	**–**	**205,500,000**	NA	NA	General business purpose
	Unsecured Compulsorily Fully Convertible Debentures	**–**	**4,944,053,000**	NA	NA	General business purpose
Mahindra Tsubaki Conveyor Systems Private Limited	Investment in Equity shares	**–**	**183,140,553**	NA	NA	General business purpose
Mahindra Logistics Limited	Investment in Equity shares	**–**	**1,000**	NA	NA	General business purpose
Mahindra Retail Private Limited	Investment in Equity shares	**627,500,000**	**2,307,510,000**	NA	NA	General business purpose

Note 29 - Corporate Social Responsibility (CSR)

The CSR obligation for the period as computed by the Company and relied upon by the auditors is Rs. 2,80,181/- (Previous year Rs. 2,10,667/-). CSR amount spent during the period is Rs. 2,80,181/- (Previous year Rs. 2,10,667/-).

Note 30-

Details of Specified Bank Notes held and transacted during the period 8th November, 2016 to 30th December, 2016 :

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hands as on November 8, 2016	–	–	–
Add: Permitted receipts (withdrawals from banks)	–	–	–
Less: Permitted payments	–	–	–
Less: Amount deposited in banks	–	–	–
Closing cash in hands as on December 30, 2016	–	–	–

Note 31 –

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 Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Date : 28th April, 2017
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha	Director
Satish Kamat	Director
Mitesh Shah	Chief Executive Officer
Rajvimal Agarwal	Chief Financial Officer
Bhakti Khanna	Company Secretary

Date : 28th April, 2017
Place : Mumbai

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. in Lakhs**)

Sr. No.	Particulars	(1)	(2)
1.	Name of the subsidiary	Retail Initiative Holdings Limited	Mahindra Retail Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A.	N.A.
3.	The date since when subsidiary was acquired	11th December, 2008	3rd September, 2007
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
5.	Share capital	2,055.00	74,846.32
6.	Reserves & surplus	(15,759.99)	(49,915.87)
7.	Total assets	35,743.30	42,698.27
8.	Total Liabilities	35,743.30	42,698.27
9.	Investments	35,737.16	35,548.39
10.	Turnover	0.27	18,146.16
11.	Profit/(loss) before taxation	(9.61)	21,107.85
12.	Provision for taxation	Nil	3,600.00
13.	Profit/(loss) after taxation	(9.61)	17,507.85
14.	Proposed Dividend	Nil	Nil
15.	% of shareholding	100	100

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: Mahindra Internet Commerce Private Limited has ceased to be an indirect subsidiary Company with effect from 22nd March, 2017.

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 associate	Mahindra Tsubaki Conveyor Systems Private Limited
1. Latest audited Balance Sheet Date	31st March, 2017
2. Shares of Associate held by the Company on the year end	
No.	15,376,025 shares
Amount of Investment in Associate	Rs. 1,831.41 Lakhs
Extent of Holding%	49.00%
3. Description of how there is significant influence	Company has a 49% stake in the associate as at 31st March, 2017.
4. Reason why the associate is not consolidated	The Company has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year ended 31st March, 2017 as it has complied with the conditions as prescribed in the notification of Ministry of Corporate Affairs dated 27th July, 2016.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 2,894.78 Lakhs
6. Profit for the year	
i. Considered in Consolidation	NIL
ii. Not Considered in Consolidation	Rs. 48.05 Lakhs

1. Names of associates or joint ventures which are yet to commence operations. – Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year. – Nil

For and on behalf of the Board

Nozar Bharucha
Director

Mitesh Shah
Chief Executive Officer

Satish Kamat
Director

Rajvimal Agarwal
Chief Financial Officer

Bhakti Khanna
Company Secretary

Mumbai, 28th April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs:

(Rs. in Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Income	**2416.85**	1500.58
Profit before Interest, Depreciation and Taxation	**242.97**	126.14
Depreciation	**32.80**	22.91
Profit/(Loss) before exceptional item and tax	**210.17**	103.23
Provision for Taxation		
– Current Tax	**68.67**	71.90
– Deferred Tax	**(11.71)**	(2.91)
Profit after Taxation and OCI	**160.72**	40.70
Balance of Profit for prior years	**457.40**	434.75
Amount available for Appropriation	**618.12**	475.46
Appropriations		
Dividend on Equity Shares	**20.25**	15.00
Tax on Dividend	**4.14**	3.05
Surplus carried to Balance Sheet	**593.73**	457.40
Net Worth	**743.73**	607.40

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the financial year to which financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

The Company is rendering back office accounting & payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large. During the year the Company has started rendering new activities in Customer retention, renewal and verification, KYC fulfillment, setting up and re-organising and customer inward call center.

Dividend

Your Directors are pleased to recommend a dividend of Rupees 1.50 (previous year Rupees 1.35) per Equity Share i.e. 15% (previous year 13.50%), amounting to Rs. 22.50 lakhs (previous year Rs. 20.25 lakhs) on the paid-up equity share capital of the Company for the year ended on 31st March, 2017. The total equity dividend for the year under review, inclusive of tax on distributable profits, will absorb a sum of Rs. 27.08 lakhs (previous year Rs. 24.40 lakhs).

Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 200 lakhs. The issued, subscribed and paid-up share capital was Rs. 150 lakhs divided into 15,00,000 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 has appointed Karvy Computershare Private Limited as its Registrar and Transfer Agents.

Board of Directors

The composition of the Board of Directors of the Company is as follows:-

SR. NO.	NAMES OF DIRECTORS	DIN	CATEGORY	INDEPENDENT/ NON INDEPENDENT
1.	MR. S. DURGASHANKAR	00044713	NON-EXECUTIVE	NON INDEPENDENT
2.	MR. SANJAY JOGLEKAR	00209394	NON-EXECUTIVE	NON INDEPENDENT
3.	MR. VINAY DESHPANDE	01904423	NON-EXECUTIVE	NON INDEPENDENT
4.	MR. RAJESHWAR TRIPATHI	06734734	NON-EXECUTIVE	NON INDEPENDENT

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.

Mr. S. Durgashankar (DIN: 00044713) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Number of Meetings

Board Meetings

Your Board of Directors met four times during the year under review i.e. on 12th May, 2016, 17th August, 2016, 21st November, 2016 and 16th March, 2017.

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

SR. NO.	NAME OF DIRECTOR	NO OF MEETINGS ATTENDED
1	MR. S. DURGASHANKAR	2
2	MR. SANJAY JOGLEKAR	3
3	MR. VINAY DESHPANDE	2
4	MR. RAJESHWAR TRIPATHI	2

General Meetings

The 5th Annual General Meeting (AGM) of the Company was held on 17th August, 2016. There was no Extra Ordinary General Meeting held during the year.

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:

(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 31st March, 2017 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; and

(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 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 has formulated Risk Management Policy including therein the elements of risks 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 risks and enabling the Company to manage the same, if confronted with.

The Sexual Harassment of Women at Work Place (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.

Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 3rd Annual General meeting held on 26th August, 2014 from its conclusion till the conclusion of 8th Annual General Meeting to be held in 2019. 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 from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming 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.

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.

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.

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 covered under Chapter V of the Companies Act, 2013 from the public or its employees during the year.

Particulars of investments made in mutual funds aggregating to Rs. 216.44 lakhs (previous year Rs. 268.89 lakhs) are given in Note No. 11 to the financial statements, pursuant to Section 186 of the Companies Act, 2013 and the same forms part of this Report.

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 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 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 with related parties are given 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 the Annual Return as on 31st March, 2017 in the form MGT-9 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 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

S. Durgashankar	**Rajeshwar Tripathi**
Director	*Director*

Mumbai,
4th May, 2017

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 31ST MARCH, 2017

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:- **Though the activities of the Company are not energy-intensive, necessary measures are taken to contain and bring about savings in power consumption through improved operational methods and better housekeeping.**

(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):–

(a) the details of technology imported:- **Not Applicable**

(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:- **Not Applicable**

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

Total Foreign Exchange Earned and Used:

	For the Financial Year ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**Rs. 33,20,860**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on behalf of the Board

S. Durgashankar *Director*

Rajeshwar Tripathi *Director*

Mumbai,
4th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM No. AOC-2

(Pursuant to clause (h) of sub-section 134 of the Companies Act, 2013 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:*

Sr. No.	Name(s) of the Related Party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or the Transaction including the value	Date of approval by the board, if any	Amount paid as advances, if any
1.	Mahindra and Mahindra Limited (Ultimate Holding Company)	Shared Services Agreements	1st April, 2016 to 31st March, 2017	Services rendered Rs. 12,01,26,543	NA	No
2.	Mahindra and Mahindra Limited (Ultimate Holding Company)	Availment of various services	1st April, 2016 to 31st March, 2017	Services availed Rs. 4,41,14,031	NA	No

* The threshold limits mentioned in Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E) are considered for identifying material contracts.

For and on behalf of the Board

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Mumbai,
4th May, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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**	U74999MH2011PTC212468
2.	**Registration Date**	18th January, 2011
3.	**Name of the Company**	Mahindra Integrated Business Solutions Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non- Government Company
5.	**Address of Registered office and contract details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel. No: 022-24905828
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Tel.: 040-67162222, Fax : 23001153

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/Services	% to total turnover of the Company.
1.	Accounting, book keeping and payroll services	74120	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 Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U65993MH2007PLC175649	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	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–		–	–
c. State Govt. (S)	–	–	–	–	–	–		–	–
d. Bodies Corp.	–	15,00,000	15,00,000	100	–	15,00,000	15,00,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-(A)(1)	–	15,00,000	15,00,000	100	–	15,00,000	15,00,000	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	
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-(A)(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters A=(A)(1)+(A)(2)	–	15,00,000	15,00,000	100	–	15,00,000	15,00,000	100	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-(B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**15,00,000**	**15,00,000**	**100**	–	**15,00,000**	**15,00,000**	**100**	–

Note: There is no change in the number of shares held by the promoter companies.

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 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 Holdings Limited	14,99,999	100	0	14,99,999	100	0	0
2	Mr. Narayan Shankar (Nominee of Mahindra Holdings Limited)	1	0	0	1	0	0	0
	TOTAL	**15,00,000**	**100**	**0**	**15,00,000**	**100**	**0**	**0**

iii. Change in Promoters' Shareholding: 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.	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.	–	–	–	–	–
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		Cumulative Shareholding during the year	
	Name of the Director/KMP	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	Total Indebtedness
Indebtedness at the beginning of the financial year	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)				
Change in indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
+ Addition				
– Reduction				
Net change				
Indebtedness at the end of the financial year	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)	N.A.	N.A.	N.A.	N.A.

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
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contains in section 17 (1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17 (2) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of 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	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	5% of the Net Profits of the Company – Rs. 10.51 Lakhs		

B. Remuneration to other Directors:

I. Independent Directors:

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors:-

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–
Overall Ceiling as per the Act	3% of the Net Profits of the Company – Rs. 6.31 Lakhs					

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

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. In Lakhs)
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 Provident Fund and other Funds	–	–	–
	Performance Bonus	–	–	–
	Others	–	–	–
	Total (C)	–	–	–

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeals made, if any (give details)
A. COMPANY						
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. DIRECTORS						
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
C. OTHER OFFICERS IN DEFAULT						
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

S. Durgashankar *Director*

Rajeshwar Tripathi *Director*

Mumbai,
4th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
Mahindra Integrated Business Solutions Private Limited

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Integrated Business Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS 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 Indian Accounting Standards specified under Section 133 of the Act.

3. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

5. 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.

6. 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 Ind AS financial statements are free from material misstatement.

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

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

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its profit and cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

10. 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.

11. 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 (including Other Comprehensive Income), the statement of Changes in Equity, 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;

    e) On the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in the specified bank notes during the period from 8th November to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

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 Integrated Business Solutions Private Limited for the year ended March 31, 2017

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 March 31, 2017. Hence the provisions of para 3(i) (c) 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 is has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, 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) There are no disputed dues outstanding as on March 31, 2017 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, 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 and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INTEGRATED BUSINESS SOLUTIONS 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 Integrated Business Solutions Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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, 2017, 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 and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784

BALANCE SHEET AS AT 31 MARCH 2017

Rs. in lakhs

		Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	7	**92.79**	45.33	36.43
	(b) Capital Work-in-Progress				
	(c) Investment Property				
	(d) Goodwill				
	(e) Other Intangible Assets	8	**8.05**	4.25	2.47
	(f) Intangible Assets Under Development				
	(g) Biological Assets Other Than Bearer Plants				
	(h) Financial Assets				
	(i) Deferred Tax Assets (Net)	9	**34.90**	21.15	21.42
	(j) Other Non-current Assets	10	**264.94**	157.29	94.99
	SUB-TOTAL		**400.68**	228.02	155.31
	CURRENT ASSETS				
	(a) Inventories				
	(b) Financial Assets				
	(i) Investments	11	**216.44**	268.89	214.00
	(ii) Trade Receivables	12	**408.30**	187.15	191.34
	(iii) Cash and Cash Equivalents	13	**108.37**	29.81	35.34
	(iv) Other Bank Balances	13	**368.70**	344.55	327.31
	(c) Current Tax Assets (Net)				
	(d) Other Current Assets	10	**25.88**	29.85	28.22
	SUB-TOTAL		**1,127.69**	860.25	796.21
	Non-Current Assets Classified as Held for Sale				
	TOTAL ASSETS		**1,528.37**	1,088.27	951.52
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a) Equity Share Capital	14	**150.00**	150.00	150.00
	(b) Other Equity		**593.73**	457.40	434.75
	SUB-TOTAL		**743.73**	607.40	584.75
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(b) Provisions	15	**144.77**	101.42	98.93
	(c) Deferred Tax Liabilities (Net)				
	(d) Other Non-current Liabilities				
	SUB-TOTAL		**144.77**	101.42	98.93
3	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings				
	(ii) Trade Payables	16	**266.51**	86.00	117.72
	(iii) Other Financial Liabilities				
	(b) Provisions	15	**188.18**	188.86	54.76
	(c) Current Tax Liabilities (Net)				
	(d) Other Current Liabilities	17	**185.18**	104.59	95.36
	SUB-TOTAL		**639.87**	379.45	267.84
	Liabilities Associated with Assets Held for Sale				
	TOTAL		**1,528.37**	1,088.27	951.52

The accompanying notes 1 to 27 are an integral part of the Financial Statements
In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

Rs. in lakhs

	Particulars	Note No.	As at 31 March 2017	As at 31 March 2016
	Continuing Operations			
I	Revenue from operations	18	**2,309.91**	1,458.10
II	Other Income	19	**106.94**	42.48
III	**Total Revenue (I + II)**		**2,416.85**	1,500.58
IV	**EXPENSES**			
	(a) Employee benefit expense	20	**1,517.14**	985.26
	(b) Finance costs		**–**	–
	(c) Depreciation and amortisation expense	7, 8	**32.80**	22.91
	(d) Other expenses	21	**656.74**	389.18
	Total Expenses (V)		**2,206.68**	1,397.35
	Profit/(loss) before exceptional items and tax (III - V)		**210.17**	103.23
	Exceptional Items			
VI	**Share of profit / (loss) of joint ventures and associates**		**–**	–
VII	**Profit/(loss) before tax**		**210.17**	103.23
VIII	**Tax Expense**			
	(1) Current tax	22	**68.67**	71.90
	(2) Deferred tax	22	**(11.71)**	(2.92)
	Total tax expense		**56.96**	68.98
IX	**Profit/(loss) after tax from continuing operations (VII - VIII)**		**153.21**	34.25
X	Discontinued Operations		**–**	–
	(1) Profit/(loss) from discontinued operations			
	(2) Tax Expense of discontinued operations			
XI	**Profit/(loss) after tax from discontinued operations**		**–**	–
XII	**Profit/(loss) for the period (IX + XI)**		**153.21**	34.25
XIII	**Profit/(Loss) from continuing operations for the period attributable to:**			
	Owners of the Company		**153.21**	34.25
	Non controlling interests			
XIV	**Profit/(Loss) from discontinued operations for the period attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests			
			–	–
XV	**Other comprehensive income**		**7.51**	6.45
	A (i) Items that will not be recycled to profit or loss		**–**	–
	(a) Changes in revaluation surplus			
	(b) Remeasurements of the defined benefit liabilities/(asset)		**5.47**	9.64
	(c) Equity instruments through other comprehensive income			
	(d) Fair value changes relating to own credit risk			
	(e) Others (specify nature)			
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**2.04**	(3.19)
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the period (XV + XVIII)**		**160.72**	40.70
XVII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	23	**10.71**	2.71
	(2) Diluted	23	**10.71**	2.71
XIX	**Earnings per equity share (for discontinued operation):**			
	(1) Basic		**–**	–
	(2) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	23	**10.71**	2.71
	(2) Diluted	23	**10.71**	2.71

The accompanying notes 1 to 27 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

A. Equity share capital

	Rs. in lakhs
As at 1 April 2015	150.00
Changes in equity share capital during the year	–
As at 31 March 2016	150.00
Changes in equity share capital during the year	–
As at 31 March 2017	150.00

b. Other Equity

Rs. in lakhs

	Reserves and Surplus								Items of other comprehensive income									
	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	Treasury Shares	General Reserve	Other Reserve (specify nature)#	Retained Earnings	Debt instrument through Other Comprehensive Income	Equity instrument through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Attributable to owners of the parent	Non-controlling interests	Total
As at 1 April 2015								434.75										434.75
Profit/(Loss) for the period								40.70										40.70
Other Comprehensive Income/(Loss)																		–
Total Comprehensive Income for the year								475.45										475.45
Dividend paid on Equity Shares								(15.00)										(15.00)
Dividend Distribution Tax								(3.05)										(3.05)
Transfers to Reserves																		–
Transfers from retained earnings																		–
Equity Share Issuance Costs																		–
Exercise of employee stock options																		–
Options granted during the period																		–
Any other changes (to be specified)																		–
As at 31 March 2016								**457.40**										**457.40**
Profit/(Loss) for the period								160.72										160.72
Other Comprehensive Income/(Loss)																		–
Total Comprehensive Income for the year								618.12										618.12
Dividend paid on Equity Shares								(20.25)										(20.25)
Dividend Distribution Tax								(4.14)										(4.14)
Transfers to Reserves																		–
Transfers from retained earnings																		–
Equity Share Issuance Costs																		–
Exercise of employee stock options																		–
Options granted during the period																		–
Any other changes (to be specified)																		–
As at 31 March 2017								**593.73**										**593.73**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Rs. in lakhs

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
Cash flows from operating activities			
Profit before tax for the year	**PL**	**210.17**	103.23
Adjustments for:			
Investment income recognised in profit or loss		**(38.61)**	(40.71)
Depreciation and amortisation of non-current assets	**7 & 8**	**32.80**	22.91
		204.36	85.43
Movements in working capital:			
(Increase)/Decrease in trade and other receivables		**(392.56)**	(242.26)
(Decrease)/Increase in trade and other payables		**303.78**	102.93
Cash generated from operations		**115.58**	(53.90)
Income taxes paid		**–**	–
Net cash generated by operating activities		**115.58**	(53.90)
Cash flows from investing activities			
Proceeds on sale of financial assets		**37.48**	66.29
Interest received		**33.96**	22.04
Payments for property, plant and equipment		**(84.07)**	(21.91)
Net cash (used in)/generated by investing activities		**(12.63)**	66.42
Cash flows from financing activities			
Dividends paid to owners of the Company		**(24.39)**	(18.05)
Net cash used in financing activities		**(24.39)**	(18.05)
Net increase in cash and cash equivalents		**78.56**	(5.53)
Cash and cash equivalents at the beginning of the year		**29.81**	35.34
Cash and cash equivalents at the end of the year		**108.37**	29.81

In terms of our report attached.

For **B. K. KHARE & Co.**
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

For and on behalf of the Board of Directors

S. Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Company overview

Mahindra Integrated Business Solutions Private Limited is a Private Limited Company incorporated and domiciled in India on 18th January 2011 and it started its operations from 1st May 2011. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company. The Company is rendering back office accounting & payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large. During the year the Company has started rendering new activities in Customer Retention, renewal and verification, KYC fulfillment, setting up and re-organising and customer inward call center.

The immediate parent Company is Mahindra Holdings Limited. and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

2 Statement of compliance and basis of preparation

a. These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from IGAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 6.

The financial statements were approved by the Company's Board of Directors and authorised for issue on 04 May 2017.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest crore / lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

3 Significant accounting policies

a. 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.

b. Fixed Assets:

i. Fixed assets are carried at their original cost less accumulated depreciation. Financing costs that are attributable to the acquisition, construction or production of qualifying assets are included in the cost of that asset up to the date the asset is ready to use.

ii. Depreciation on Assets is calculated on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule II to The Companies Act, 2013.

c. Intangible Assets:

The Company has purchased Software licenses during the year for business purposes, which will be amortized in next 5 years.

d. Investments:

Investment held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Current investments are valued at the lower of cost and fair value.

e. Revenue Recognition:

i. Sale of services is recognized when the services are rendered.

ii. Revenues on time & material contracts are recognized as the related services are performed and revenues from the end of the last billing to the Balance sheet date is recognized as Unbilled revenues. The unbilled revenues primarily consists of cost which needs to be billed to client on cost plus margin basis where there is no uncertainty as to measurement or collectability of consideration.

iii. Fee based income is accounted for on achieving specified milestones as per mutual agreement.

iv. Further, revenue is recognised when there is no uncertainty as to the measurement or collectability of consideration.

f. Employee Benefits:

Retirement benefit in respect of gratuity at retirement/cessation are provided for based on valuations as at the balance sheet date, made by independent actuaries.

i. Defined Contribution Plan:

Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Fund are recognized in the Profit and Loss Account.

Contributions to Provident Fund are made to Regional Provident Fund Commissioner Trust administered by Central Government of India and are charged to Profit and Loss Account as incurred.

ii. Defined Contribution Plan:

Company's liability towards gratuity, long term compensated absences, are determined by Independent Actuaries, using unit credit method. Past services are recognized on a straight line basis over the average period until the benefits become vested. Actuarial gain & losses are recognized immediately in the statement of Profit & Loss as income or expenses. 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 the terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

g. Taxes on Income:

Tax expense comprises of both current and deferred tax only.

Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit & Loss of the financial year.

MAT credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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.

4 Recent accounting pronouncements

a. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

5. First-time adoption of Ind AS

These financial statements of the Company for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time Adoption of Indian Accounting Standards with effect from 1 April 2015 as the transition date and IGAAP as the previous GAAP.

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP (IGAAP) to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, Ind AS 101 provides certain optional exemptions which have been considered by the Company as detailed below.

a. Business combinations

The Company has availed the exemption available in respect of business combinations prior to transition date and accordingly past business combinations have not been restated.

b. Deemed cost of property, plant and equipment, intangible assets and investment property.

The Company has not elected the deemed cost exemption for all its property, plant and equipment, intangible assets and investment property existing on transition date.

c. Leases

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

d. Designation of previously recognized financial instruments

The Company has availed the exemption of designating previously recognized financial assets, as ' fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Note No. 6 – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Rs. in lakhs

Particulars	Notes	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP		586.21	567.00
Ind AS: Adjustments increase (decrease):			
Actuarial Loss of Gratuity debited to P & L		9.64	–
Other Comprehensive income		(9.64)	–
Deferred Tax Asset/ Liabilty on Other Comprehensive Income		(3.19)	–
Reversal of Proposed Equity Dividend		20.25	15.00
Reversal of Dividend Distribution Tax on Proposed Equity Dividend		4.12	3.05
Equity as reported under IND AS		607.39	585.05

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	Notes	Year Ended 31 March 2016
Profit or Loss as per previous GAAP		112.56
Ind AS: Adjustments increase (decrease):		
Other comprehensive income		(9.64)
Total adjustment to profit or loss		(9.64)
Profit or Loss under Ind AS		102.92
Other comprehensive income		9.64
Total comprehensive income under Ind ASs		9.64

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

Particulars	Notes	Year ended 31 March 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities		75.77	129.67	(53.90)
Net cash flows from investing activities		(63.25)	(129.67)	66.42
Net cash flows from financing activities		(18.05)	–	(18.05)
Net increase (decrease) in cash and cash equivalents		(5.53)	(0.00)	(5.53)
Cash and cash equivalents at beginning of period		35.34		35.34
Effects of exchange rate changes on the balance of cash held in foreign currencies		–		–
Cash and cash equivalents at end of period		29.81	(0.00)	29.81

Analysis of cash and cash equivalents as at 31 March 2016 and 1 April 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	Notes	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		29.81	35.34
Bank Overdrafts which forms integral part of cash management system		–	–
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP		–	–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP		–	–
Other adjustments (specify)		–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS		29.81	35.34

Note No. 7 – Property, Plant and Equipment

Rs. in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Plant and Equipment - Leasehold	Office Equipment	Furniture and Fixtures	Aircraft	Vehicles	Batteries	Bearer Plant	Total
I. Gross Carrying Amount												
Balance as at 1 April 2016	–	–	–	74.13	–	3.84	4.30	–	22.45	–	–	104.72
Additions				47.74		12.46	16.26					76.46
Acquisitions through business combinations												
Disposals				(0.37)								(0.37)
Reclassified as held for sale												
Others [describe]												
Balance as at 31 March 2017	–	–	–	121.50	–	16.30	20.56	–	22.45	–	–	180.81
II. Accumulated depreciation and impairment												
Balance as at 1 April 2016	–	–	–	40.10	–	0.49	0.28	–	18.52	–	–	59.39

Rs. in lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Plant and Equipment - Leasehold	Office Equipment	Furniture and Fixtures	Aircraft	Vehicles	Batteries	Bearer Plant	Total
Depreciation expense for the year				23.38		2.07	1.68		1.65			28.78
Eliminated on disposal of assets				(0.16)								(0.16)
Others [describe]												
Balance as at 31 March 2017	**–**	**–**	**–**	**63.32**	**–**	**2.56**	**1.96**	**–**	**20.17**	**–**	**–**	**88.01**
III. Net carrying amount (I-II)	**–**	**–**	**–**	**58.18**	**–**	**13.74**	**18.60**	**–**	**2.28**	**–**	**–**	**92.79**

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Plant and Equipment - Leasehold	Office Equipment	Furniture and Fixtures	Aircraft	Vehicles	Batteries	Bearer Plant	Total
I. Gross Carrying Amount												
Balance as at 1 April 2015				46.98					31.55			78.53
Additions				28.20		3.84	4.3		0.90			37.24
Acquisitions through business combinations												–
Disposals				(1.04)					(10.00)			(11.04)
Reclassified as held for sale												
Others [describe]												
Balance as at 31 March 2016	**–**	**–**	**–**	**74.13**	**–**	**3.84**	**4.30**	**–**	**22.45**	**–**	**–**	**104.72**
II. Accumulated depreciation and impairment												
Balance as at 1 April 2015				28.85					13.25			42.10
Depreciation expense for the year				11.71		0.49	0.28		8.90			21.38
Eliminated on disposal of assets				(0.46)					(3.63)			(4.09)
Others [describe]												
Balance as at 31 March 2016	–	–	–	40.10	–	0.49	0.28	–	18.52	–	–	59.39
III. Net carrying amount (I-II)	**–**	**–**	**–**	34.03	**–**	3.35	4.02	**–**	3.93	**–**	**–**	45.33

Note:
Depreciation on Assets is calculated on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule II to The Companies Act, 2013.

Note No. 8 – Other Intangible Assets

Rs. in lakhs

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Websites	Trademarks	Others	Total
I. Gross Carrying Amount							
Balance as at 1 April 2016	–	–	6.46	–	–	–	6.46
Additions from separate acquisitions			7.82				7.82
Additions from internal developments							
Acquisitions through business combinations							
Disposals							
Reclassified as held for sale							
Others (decribe)							
Balance as at 31 March 2017	**–**	**–**	**14.28**	**–**	**–**	**–**	**14.28**

Rs. in lakhs

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Websites	Trademarks	Others	Total
II. Accumulated depreciation and impairment							
Balance as at 1 April 2016	–	–	2.21	–	–	–	2.21
Amortisation expense for the year			4.02				4.02
Eliminated on disposal of assets							
Reclassified as held for sale							
Impairment losses recognised in profit or loss							
Reversals of impairment losses recognised in profit or loss							
Other adjustments							
Balance as at 31 March 2017	**–**	**–**	**6.23**	**–**	**–**	**–**	**6.23**
III. Net carrying amount (I-II)	**–**	**–**	**8.05**	**–**	**–**	**–**	**8.05**

Rs. in lakhs

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Websites	Trademarks	Others	Total
I. Intangible Assets							
Cost							
Balance as at 1 April 2015			3.15				3.15
Additions from separate acquisitions			3.31				3.31
Additions from internal developments							–
Acquisitions through business combinations							–
Disposals							–
Reclassified as held for sale							–
Others (decribe)							–
Balance as at 31 March, 2016	–	–	6.46	–	–	–	6.46
II. Accumulated depreciation and impairment							–
Balance as at 1 April 2015			0.68				0.68
Amortisation expense for the year			1.53				1.53
Eliminated on disposal of assets							–
Reclassified as held for sale							–
Impairment losses recognised in profit or loss							–
Reversals of impairment losses recognised in profit or loss							–
Other adjustments							–
Balance as at 31 March, 2016	–	–	2.21	–	–	–	2.21
III. Net carrying amount (I-II)	–	–	4.25	–	–	–	4.25

Note:
Amortisation of the assets are done in a span of 5 years from the date of acquisition.

Note No. 9: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Rs. in lakhs

For the Year ended 31 March 2017

Particulars	Opening Balance	Recognised in profit and Loss	Reclassified from equity to profit and loss	Recognised in OCI	Recognised in Equity	Acquired in Business Combination	Closing Balance
Tax effect of items constituting deferred tax liabilities							
Property, Plant and Equipment	**3.98**	**3.78**					**7.76**

Rs. in lakhs

For the Year ended 31 March 2017

Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Reclassified from equity to profit and loss**	**Recognised in OCI**	**Recognised in Equity**	**Acquired in Business Combination**	**Closing Balance**
Intangible Assets							**–**
Investment Property							
FVTOCI financial asset							
FVTPL financial asset							
Derivatives							
Other Temporary Differences (please specify)	**3.19**			**(2.04)**			**1.15**
	7.17	**3.78**	**–**	**(2.04)**	**–**	**–**	**8.91**
Tax effect of items constituting deferred tax assets							
Employee Benefits	**25.24**	**8.86**					**34.10**
Equity-Settled Share Based payments	**–**						**–**
Provisions	**–**						**–**
Deferred income	**–**						**–**
Other Items	**–**						**–**
Carryforward Tax Loss	**–**						**–**
Minimum Alternate Tax Credit	**–**						**–**
Other Temporary Differences (please specify)	**3.08**	**6.63**					**9.71**
	28.32	**15.49**	**–**	**–**	**–**	**–**	**43.81**
Net Tax Asset (Liabilities)	**21.15**	**11.71**	**–**	**2.04**	**–**	**–**	**34.90**

Rs. in lakhs

For the Year ended 31 March 2016

Particulars	Opening Balance	Recognised in profit and Loss	Reclassified from equity to profit and loss	Recognised in OCI	Recognised in Equity	Acquired in Business Combination	Closing Balance
Tax effect of items constituting deferred tax liabilities							
Property, Plant and Equipment	2.20	1.78					3.98
Intangible Assets							
Investment Property							
FVTOCI financial asset							
FVTPL financial asset							
Derivatives							
Other Temporary Differences (please specify)				3.19			3.19
	2.20	1.78	–	3.19	–	–	7.17
Tax effect of items constituting deferred tax assets							
Employee Benefits	21.09	4.15					25.24
Equity-Settled Share Based payments							
Provisions							
Deferred income							
Other Items							–
Carryforward Tax Loss							
Minimum Alternate Tax Credit							
Other Temporary Differences (please specify)	2.53	0.55					3.08
	23.62	4.70	–	–	–	–	28.32
Net Tax Asset (Asset)	**21.42**	**2.92**					**21.15**

Note No. 10 – Other assets

Rs. in lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Capital advances						
(i) For Capital work in progress	**–**	**–**	–	–	–	–
(ii) For intangible asset under development	**–**	**–**	–	–	–	–
(iii) For Investment property under development	**–**	**–**	–	–	–	–
(b) Advances other than capital advances						
(i) Security Deposits	**5.23**		4.73		0.50	
(ii) Advances to related parties						
(iii) Balances with government authorities (other than income taxes)						
(iv) Other advances	**10.62**	**264.94**	25.12	157.29	27.73	94.99
(c) Other receivables	**10.03**					
	25.88	**264.94**	29.85	157.29	28.23	94.99
	–	**–**	–	–	–	–
Total	**25.88**	**264.94**	29.85	157.29	28.23	94.99

Note No. 11 – Investments

Rs. In lakhs

Particular	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	QTY	**Amounts**	**Amounts**	QTY	Amounts	Amounts	QTY	Amounts	Amounts
		Current	**Non Current**		Current	Non Current		Current	Non Current
Investments in Mutual Funds		**216.44**			268.89	–		214.00	–
Total Aggregate Quoted Investments	**–**	**216.44**	**–**	–	268.89	–	–	214.00	–
TOTAL INVESTMENTS			**–**		268.89				
TOTAL INVESTMENTS CARRYING VALUE		**216.44**	**–**		268.89	–		214.00	–

Note No. 12 – Trade receivables

Rs. In lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	**Non Current**	Current	Non Current	Current	Non Current
Trade receivables						
(a) Secured, considered good						
(b) Unsecured, considered good	**408.30**	**–**	187.15	–	191.34	–
(c) Doubtful	**5.74**	**–**	3.51	–	1.16	–
Less: Allowance for Credit Losses	**(5.74)**	**–**	(3.51)	–	(1.16)	–
TOTAL	**408.30**	**–**	187.15	–	191.34	–
Of the above, trade receivables from:						
– Related Parties	**313.92**	**–**	139.93	–	173.17	–
– Others	**94.38**	**–**	47.22	–	18.17	–
Total	**408.30**	**–**	187.15	–	191.34	–

Note No. 13 – Cash and Bank Balances

Rs. In lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
(a) Balances with banks	**108.17**	29.81	35.34
(b) Cheques, drafts on hand	**0.20**	–	–
Total Cash and cash equivalent	**108.37**	29.81	35.34
Other Bank Balances			
(a) Earmarked balances with banks	**–**	–	–
(b) Balances with Banks:			
(i) On Margin Accounts	**–**	–	–
(ii) Fixed Deposits with maturity greater than 3 months	**368.70**	344.55	327.31
Total Other Bank balances	**368.70**	344.55	327.31

Reconciliation of Cash and Cash Equivalents

Rs. In lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total Cash and Cash Equivalents as per Balance Sheet	**108.37**	29.81	362.65
Add: Bank Overdraft		–	
Add: Cash and bank balances included in a disposal group held for sale		**–**	
Total Cash and Cash Equivalents as per Statement of Cashflow	**108.37**	29.81	362.65

Details of Specified Bank Notes (SBN)

Disclosure of the details of SBN held and transacted during the period 8 November 2016 to 30th December 2016 in the below Table:

	SBNs	Other Denominations	Total
Closing cash in hand as on 8.11.2016	–	–	–
(+) Permitted receipts	–	–	–
(–) Permitted payments	–	–	–
(–) Amounted deposited in banks	–	–	–
Closing cash as on 30.12.2016	–	–	–

The Company as a policy does not transact in cash hence neither has any opening or closing cash balance nor any transactions during the said period.

Note No. 14 – Equity Share Capital

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2016 No. of shares	As at 1 April 2015 No. of shares
Authorised:			
Equity shares of Rs. 10 each with voting rights	**2,000,000**	2,000,000	2,000,000
Issued, Subscribed and Fully Paid:			
Equity shares of Rs. 10 each with voting rights	**1,500,000**	1,500,000	1,500,000
Total	**1,500,000**	1,500,000	1,500,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights*						
Year Ended 31 March 2017						
No. of Shares	**1,500,000**	**–**	**–**	**–**	**–**	**1,500,000**
Amount	**15,000,000**	**–**	**–**	**–**	**–**	**15,000,000**
Year Ended 31 March 2016						
No. of Shares	1,500,000	–	–	–	–	1,500,000
Amount	15,000,000	–	–	–	–	15,000,000
Year Ended 1 April 2015						
No. of Shares	1,500,000	–	–	–	–	1,500,000
Amount	15,000,000	–	–	–	–	15,000,000

Rights, preferences and restrictions attached to 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. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) There is only one class of Equity shares valued at Rs. 10 and there are no preference shares.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2017			
Mahindra Holdings Limited, the Holding Company	**1,500,000**		
As at 31 March 2016			
Mahindra Holdings Limited, the Holding Company	1,500,000		
As at 1 April 2015			
Mahindra Holdings Limited, the Holding Company	1,500,000		

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares held	% holding in that class of shares	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 Holdings Limited	**1,500,000**	**100**	1,500,000	100	1,500,000	100

Note No. 15 – Provisions

Rs. In lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
(a) Provision for employee benefits						
(1) Long-term Employee Benefits	**19.37**	**144.77**	23.57	101.42	13.69	98.93
(b) Other Provisions						
1 Warranty	**–**		–			
2 Other Provisions	**168.81**		165.29		41.06	
Total Provisions	**188.18**	**144.77**	188.86	101.42	54.75	98.93

Details of movement in Other Provisions is as follows:

Particulars	Warranty claims	Onerous contracts	Other Provisions	Claims Against Guarantee Commitments	Total
Balance at 1 April 2015			41.06		41.06
Additional provisions recognised			255.64		255.64
Amounts used during the period			(131.41)		(131.41)
Unused amounts reversed during the period			–		–
Unwinding of discount and effect of changes in the discount rate			–		–
Balance at 31 March 2016	–	–	165.29		165.29
Balance at 1 April 2016	–	–	165.29	–	165.29
Additional provisions recognised			3.52		3.52
Amounts used during the period					
Unused amounts reversed during the period					
Unwinding of discount and effect of changes in the discount rate					
Balance at 31 March 2017	–	–	168.81	–	168.81

Note No. 16 – Trade Payables

Rs. In lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade payable – Micro ans small enterprises	**–**	**–**	–	–	–	–
Trade payable – Other than micro ans small enterprises	**266.51**	**–**	86.00	–	117.72	–
Total trade payables	**266.51**	**–**	86.00	–	117.72	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 17 – Other Liabilities

Rs. In lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
a. Statutory dues						
– taxes payable (other than income taxes)	**178.48**	**–**	101.71	–	92.30	–
b. Others	**6.70**	**–**	2.88	–	3.06	–
Total other liabilities	**185.18**	**–**	104.59	–	95.36	–

Note No. 18 – Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rs. In lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(a) Revenue from rendering of services	**2,302.51**	1,458.10	1,238.97
(b) Other operating revenue	**7.40**	–	10.07
Total Revenue from Operations	**2,309.91**	1,458.10	1,249.04

Note No. 19 – Other Income

Rs. In lakhs

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Interest Income		
(1) On Fixed Deposits with Bank	**26.89**	28.14
(2) On Income tax refund	**2.55**	1.55
(b) Dividend Income*		
(1) Dividend on redeemable preference shares	**–**	–
(2) Others	**9.17**	12.56
(c) Other income	**68.33**	0.22
Total Other Income	**106.94**	42.48

Note No. 20 – Employee Benefits Expense

Rs. In lakhs

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Salaries and wages, including bonus	**1,355.48**	877.81
(b) Contribution to provident and other funds	**77.77**	53.43
(c) Gratuity expense	**21.55**	20.78
(d) Leave encashable at retirement/Cessation	**37.23**	17.31
(e) Training	**3.71**	1.26
(f) Staff welfare expenses	**21.40**	14.67
Total Employee Benefit Expense	**1,517.14**	985.26

Note No. 21 – Other Expenses

Rs. In lakhs

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Rent including lease rentals	**55.26**	41.85
(b) Rates and taxes	**0.05**	0.03
(c) Insurance	**16.17**	2.10
(d) Advertisement	**0.09**	–
(e) Travelling and Conveyance Expenses	**38.29**	38.84
(f) Provision for doubtful trade and other receivables, loans	**2.23**	2.35
(g) Net loss / (gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	**1.03**	–
(h) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**2.51**	2.80
(ii) For Taxation matters	**0.50**	0.50
(i) Other expenses		
(1) Legal and other professional costs	**174.40**	159.73
(2) Postage, Telephone and Communication	**31.46**	9.90
(3) IT Expenses	**166.57**	45.00
(4) Service contracted	**105.92**	53.37
(5) Loss on sale of assets		0.01
(6) Miscellaneous expenses	**62.26**	32.70
(j) Net gain/(loss) arising on financial assets carried at amortized cost	**–**	–
Total Other Expenses	**656.74**	389.18

Note No. 22 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. In lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax:		
In respect of current year	**78.38**	36.98
In respect of prior years	**(9.71)**	34.92
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(11.71)**	(2.92)
Total income tax expense on continuing operations	**56.96**	68.98

(b) Income tax recognised in other Comprehensive income

Rs. in lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax	**–**	–
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**2.04**	(3.19)
Total	**2.04**	(3.19)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax from continuing operations	**210.17**	103.23
Effective Income tax expense calculated at 37.29% (2016: 35.93%)#	**78.38**	36.98
Changes in recognised deductible temporary differences	**(11.71)**	(2.92)
	66.67	34.06
Adjustments recognised in the current year in relation to the current tax of prior years	**(9.71)**	34.92
Income tax expense recognised In profit or loss from continuing operations	**56.96**	68.98

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 30% payable by corporate entities in India on taxable profits under Indian Income Tax Laws. This rate has further been adjusted considering the effects of various allowances and disallowances in the Profit and Loss account.

Note No. 23 – Earnings per Share

Note	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
		Per Share	Per Share
	Basic Earnings per share		
	From continuing operations	**10.71**	2.71
	From discontinuing operations	**–**	–
	Total basic earnings per share	**10.71**	2.71
	Diluted Earnings per share		
	From continuing operations	**10.71**	2.71
	From discontinuing operations	**–**	–
	Total diluted earnings per share	**10.71**	2.71

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit/(loss) for the year attributable to owners of the Company	**160.72**	40.70
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**160.72**	40.70
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**160.72**	40.70
Weighted average number of equity shares	**1,500,000**	1,500,000
Earnings per share from continuing operations - Basic	**10.71**	2.71

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit / (loss) for the year used in the calculation of basic earnings per share	**160.72**	40.70
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**160.72**	40.70
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**160.72**	40.70

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**1,500,000**	1,500,000
Add: Effect of Warrants,	**–**	–
ESOPs	**–**	–
Convertible bonds	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**1,500,000**	1,500,000

Note No. 24 – Fair Value Measurement

Fair Valuation Techiques and Inputs used – recurring Items

Rs. In lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at			Fair value hierarchy*	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-17	31-Mar-16	1-Apr-15				
Financial assets							
Investments							
1) Equity investments							
2) Mutual fund investments	216.44	268.89	214.00	Level 1	As declared from the fund houses	N.A.	N.A.
Total financial assets	216.44	268.89	214.00				
Financial liabilities							
Other Financial Liabilities	–	–	–				
1) Foreign currency forward contracts	–	–	–				
2) Interest rate swaps	–	–	–				
Total financial liabilities	–	–	–				

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements, refer example below.

Fair value of financial assets and financial liabilities that are not measured at fair value

	31-Mar-17		31-Mar-16		1-Apr-15	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	**408.30**	**408.30**	187.15	187.15	191.34	191.34
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	**266.51**	**266.51**	86.00	86.00	117.72	117.72
Total	**141.79**	**141.79**	101.15	101.15	73.62	73.62

	Fair value hierarchy as at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables		**408.30**		**408.30**
Total		**408.30**		**408.30**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		**266.51**		**266.51**
Total		**266.51**		**266.51**

	Fair value hierarchy as at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– trade and other receivables		187.15		187.15
Total		187.15		187.15
Financial Instruments not carried at Fair Value				
– trade and other payables		86.00		86.00
Total		86.00		86.00

	Fair value hierarchy as at 1 April 2015			
	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– trade and other receivables		191.34		191.34
Total		191.34		191.34
Financial Instruments not carried at Fair Value				
– trade and other payables		117.72		117.72
Total		117.72		117.72

Note No. 25 – Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 3,322,766 (2016 : Rs. 2,404,708) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the 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.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate(s)	**7.60%**	8.40%	7.90%
Expected rate(s) of salary increase	**10.00%**	10.00%	10.00%
Average Longevity			
Medical inflation			

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Rs. in lakhs

	Funded Plan		Unfunded Plans			
	Gratuity		Post retirement medical		Post retirement housing allowance	
Particulars	**2017**	**2016**	2017	2016	2017	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Service Cost						
Current Service Cost	**21.52**	**18.51**				
Past service cost and (gains)/losses from settlements	**–**	**–**				
Net interest expense	**0.02**	**1.39**				
Components of defined benefit costs recognised in profit or loss	**21.54**	**19.90**				
Remeasurement on the net defined benefit liability						
Return on plan assets (excluding amount included in net interest expense)	**(9.25)**	**(2.30)**				
Actuarial gains and loss arising form changes in financial assumptions	**14.56**	**(7.26)**				
Actuarial gains and loss arising form experience adjustments	**(10.77)**	**0.07**				
Others (describe)	**–**	**–**				
Components of defined benefit costs recognised in other comprehensive income	**(5.46)**	**(9.49)**				
Total	**16.08**	**10.41**				
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March						
1. Present value of defined benefit obligation as at 31st March	**183.40**	**156.32**				
2. Fair value of plan assets as at 31st March	**167.32**	**146.05**				
3. Surplus/(Deficit)	**16.08**	**10.27**				
4. Current portion of the above	**–**	**–**				
5. Non current portion of the above	**16.08**	**10.27**				
II. Change in the obligation during the year ended 31st March						
1. Present value of defined benefit obligation at the beginning of the year	**156.32**	**142.96**				
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer						
3. Expenses Recognised in Profit and Loss Account						
– Current Service Cost	**21.52**	**18.51**				
– Past Service Cost	**–**	**–**				
– Interest Expense (Income)	**11.29**	**10.91**				
4. Recognised in Other Comprehensive Income						
Remeasurement gains/(losses)						
– Actuarial Gain (Loss) arising from:						
i. Demographic Assumptions	**–**	**–**				
ii. Financial Assumptions	**14.56**	**(7.26)**				
iii. Experience Adjustments	**(10.77)**	**(0.07)**				

Rs. in lakhs

Particulars	Funded Plan		Unfunded Plans			
	Gratuity		Post retirement medical		Post retirement housing allowance	
	2017	2016	2017	2016	2017	2016
5. Benefit payments	**(9.52)**	**(8.73)**				
6. Others (Specify)						
7. Present value of defined benefit obligation at the end of the year	**183.40**	**156.32**				
III. Change in fair value of assets during the year ended 31st March						
1. Fair value of plan assets at the beginning of the year	**146.05**	**120.33**				
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer						
3. Expenses Recognised in Profit and Loss Account						
– Expected return on plan assets	**11.27**	**9.52**				
4. Recognised in Other Comprehensive Income						
Remeasurement gains/(losses)						
– Actual Return on plan assets in excess of the expected return	**9.25**	**2.31**				
– Others (specify)						
5. Contributions by employer (including benefit payments recoverable)	**10.27**	**22.64**				
6. Benefit payments	**(9.52)**	**(8.73)**				
7. Fair value of plan assets at the end of the year	**167.32**	**146.05**				
IV. The Major categories of plan assets						
– List the plan assets by category here						
Insurer Managed Fund	**167.32**	**146.05**				
V. Actuarial assumptions						
1. Discount rate	**7.60%**	**8.40%**				
2. Expected rate of return on plan assets						
3. Attrition rate						
4. Medical premium inflation						

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	2017	0.50%	– 9.74%	11.87%
	2016	0.30%	– 4.25%	4.65%
	2015	0.25%	– 3.55%	5.33%
Salary growth rate	2017	0.50%	10.54%	– 9.27%
	2016	0.70%	4.35%	– 4.16%
	2015	0.60%	5.15%	– 3.48%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 2,000,000 crore to the gratuity trusts during the next financial year of 2018.

Maturity profile of defined benefit obligation:

	2017	2016	2015
Within 1 year	**2,347,565**	4,384,103	971,939
1 - 2 year	**191,142**	147,965	4,011,773
2 - 3 year	**2,500,412**	173,075	130,576
3 - 4 year	**2,924,232**	2,389,695	150,756
4 - 5 year	**215,270**	2,750,783	2,334,202
5 - 10 years	**49,959,816**	38,247,167	27,363,184

Plan Assets

The fair value of Company's pension plan asset as of 31 March 2016 and 2015 by category are as follows:

	2017	2016	2015
Asset category:			
Cash and cash equivalents	**–**	–	–
Debt instruments (quoted)	**–**	–	–
Debt instruments (unquoted)	**–**	–	–
Equity instruments (quoted)	**–**	–	–
Deposits with Insurance companies	**16,732,069**	14,605,339	12,032,636
	100%	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 10.72 years (2016: 8.88 years, 2015: N.A.)

Rs. in lakhs

	Period Ended				
	2017	2016	2015	2014	2013
VIII. Experience Adjustments:	**Gratuity**				
1. Defined Benefit Obligation	**183.40**	156.32	142.96	122.22	123.07
2. Fair value of plan assets	**167.32**	146.05	120.33	124.30	107.76
3. Surplus/(Deficit)	**16.08**	10.27	22.64	(2.09)	15.31
4. Experience adjustment on plan liabilities [(Gain)/Loss]			(4.50)	4.32	(2.65)
5. Experience adjustment on plan assets [Gain/(Loss)]			(0.25)	3.05	0.94

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.

Note: Where required by Ind AS 24 an entity discloses information about: (a) related party transactions with post-employment benefit plans; and (b) post-employment benefits for key management personnel.

Note: Where required by Ind AS 37 an entity discloses information about contingent liabilities arising from post employment benefit obligations.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 26 – Related Party Transactions

Name of the parent Company Mahindra Holdings Limited

Details of transaction between the Company and its related parties are disclosed below:

								Rs. In lakhs
Particulars	**For the year ended**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**	**Other related parties - Ultimate Holding Company**
Nature of transactions with Related Parties								
Purchase of property and other assets	31-Mar-17				5.50			
	31-Mar-16				–			
Rendering of services	31-Mar-17				807.21			1,201.27
	31-Mar-16				394.17			934.65
Receiving of services	31-Mar-17				–			100.72
	31-Mar-16				5.73			96.27
Lease expenses	31-Mar-17							34.11
	31-Mar-16							7.43
Dividend paid	31-Mar-17	20.25						
	31-Mar-16	15.00						
Other transactions - Reimbursement of expenses made to parties	31-Mar-17							306.31
	31-Mar-16							35.91

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Entities having joint control/significant influence over Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**	**Other related parties**
Trade payables	31-Mar-17							263.94
	31-Mar-16							83.58
Receivables	31-Mar-17				127.60			186.31
	31-Mar-16				67.33			72.59

Note No. 27 – Additional Information to the consolidated Financial Statements

Dividend

In respect of the current year, the directors propose that a dividend of 1.50 per share be paid on equity shares in August 2017. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March 2017. The total estimated equity dividend to be paid is Rs. 22,50,000. The payment of this dividend is estimated to result in payment of dividend tax of Rs 4,58,047 @ 15% on the amount of dividends grossed up for the related dividend distribution tax.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**31-Mar-17**	31-Mar-16
	Rs.	Rs.
(i) Principal amount remaining unpaid to MSME suppliers as on	**–**	–
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**–**	–
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v) The amount of interest accrued and remaining unpaid as on	**–**	–
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**–**	–

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.

Earnings in foreign exchange	**For the year ended 31 March 2017**	For the year ended 31 March 2016
	Rs.	Rs.
Export of goods calculated on FOB basis		
Royalty, know-how, professional and consultation fees	**AUD 12.00**	–
Interest and dividend		
Other income (specify the nature)	**USD 15.71**	–

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventeenth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

		(Amount in Rs.)
Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**2,29,409**	–
Net Profit/(Loss)	**57,550**	(4,06,899)
Losses brought forward from previous year	**(84,14,874)**	(80,07,975)
Losses carried forward	**(83,57,324)**	(84,14,874)
Net Worth	**(3,60,324)**	(4,17,874)

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the Financial Year 2016-2017 till the date of this Report, which would affect the financial position of your Company.

Operations

During the year the Company involved in providing omni-channel support service to Mahindra Group Online marketplace www.M2ALL.com to create an online brand for selling Mahindra group products and services.

Dividend

In order to conserve the resources of the Company, your Directors do not recommend dividend for the year under review.

Share Capital

During the year, the authorized share capital of your company stood at Rs. 1,00,00,000 (Rupees One Crore) comprising of 10,00,000 Equity Shares of the face value of Rs. 10 each. The issued and paid up share capital of the Company is Rs. 79,97,000 (Rupees Seventy Nine Lakhs Ninety Seven Thousand) comprising of 7,99,700 Equity Shares of the face value of Rs. 10 each.

Board of Directors

The Board of Directors consists of Mr. V. S. Parthasarathy (DIN: 00125299), Mr. S. Durgashankar (DIN: 00044713) and Mr. K. N. Vaidyanathan (DIN: 05195386).

Mr. V. S. Parthasarathy continues as the Chairman of the Board of Directors.

Mr. V. S. Parthsarathy (DIN: 00125299) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Board Meetings and Annual General Meeting

Your Board of Directors met 4 times during the year under review on 20th April, 2016, 14th July, 2016, 15th November, 2016 and 12th January, 2017. The 16th Annual General Meeting (AGM) of the Company was held on 14th July, 2016. There was no Extra Ordinary General Meeting held during the year.

The attendance at the meeting of the Board was as under:

Name of Directors	Directors' Identification Number	Category	Number of meetings attended
Mr. V. S. Parthasarthay (Chairman)	00125299	Non-Executive Non-Independent	4
Mr. S. Durgashankar	00044713	Non-Executive Non-Independent	4
Mr. K. N. Vaidyanathan	05195386	Non-Executive Non-Independent	4

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the 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. they have 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 31st March, 2017 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 the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis; and

v. 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 Personnel

Mr. Vijay Mahajan who was appointed as the Chief Executive Officer of the Company with effect from 18th September, 2015 and 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 had resigned w.e.f. the close of business hours of 5th May, 2017.

Statutory Auditors and Auditors' Report

M/s. B. K. Khare & Co., Chartered Accountants, (Firm Registration No. 105102W) were appointed as the Statutory Auditors of the Company at the 16th (Sixteenth) Annual General Meeting of the Company held on 14th July, 2016 to hold office up to the date of the 21st (Twenty First) Annual General Meeting of the Company, subject to ratifications by the Shareholders of the Company at each Annual General Meeting (AGM).

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

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 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 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 an 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 operation were observed.

Contracts or Arrangements 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 form AOC – 2 as **Annexure II** and the same forms part of this Report.

Extract of Annual Return

Pursuant to section 134(3)(a) and 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, 2017 in Form No. MGT 9 is attached herewith as **Annexure III** 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

V. S. Parthasarathy
Chairman

Mumbai, 5th May, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: None

(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

(a) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – None

(b) The details of technology imported: None

(c) The year of import: Not Applicable

(d) Whether the technology been fully absorbed: Not Applicable

(e) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

iii. The expenditure incurred on Research and Development: Nil

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

There were no foreign exchange earnings and outgo during the year under review.

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 5th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

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:*

Sr. No.	Name of Related Party	Nature of relationship	Nature of contracts / arrangements / transactions	Salient terms of contracts or arrangements or the transactions including the value (Rs. in lakhs)	Duration of transaction	Date of approval by Board
1.	Mahindra & Mahindra Limited	Holding Company	Rendering of services	2.43	2016-2017	NA
			Receiving of services	12.17	2016-2017	NA
2.	Mahindra Two Wheeler Limited	Fellow Subsidiary	Rendering of services	2.07	2016-2017	NA

* The threshold limits mentioned in Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)) are considered for identifying material contracts.

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 5th May, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017

[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**	U72900MH2000PLC129103
2	**Registration Date**	11th October, 2000
3	**Name of the Company**	MAHINDRA eMARKET LIMITED
4	**Category/Sub-Category of the Company**	Company limited by shares/Indian Non-Government Company
5	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018. Tel: 022-24905620
6	**Whether listed Company (Yes/No)**	No
7	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	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.	Managment Fees	99979900	92.14

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	69*	2(46)

* Includes 24% of the shares held by Mahindra Holdings Limited, which is a wholly-owned 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	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt. (s)	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	–	7,99,700	7,99,700	100	–	7,99,700	7,99,700	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A (1)	–	**7,99,700**	**7,99,700**	**100**	–	**7,99,700**	**7,99,700**	**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	
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Indians	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-A (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**7,99,700**	**7,99,700**	**100**	–	**7,99,700**	**7,99,700**	**100**	–
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate									
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**7,99,700**	**7,99,700**	**100**	–	**7,99,700**	**7,99,700**	**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 shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	3,59,860	45	–	3,59,860	45	–	–
2.	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar*	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. Girish Patkar*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. Kairas Vakharia*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. Kamlesh Tripathi*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. V. S. Parthasarthy*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Contech Limited	2,47,907	31	–	2,47,907	31	–	–
8.	Mahindra Holdings Limited	1,91,928	24	–	1,91,928	24	–	--
	Total	**7,99,700**	**100**	–	**7,99,700**	**100**	–	–

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

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

There is no change in the shareholding of 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 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
	–	–	–	–	–

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	
	Name of the Director/KMP	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
–	–	–	–	–	–

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
Indebtedness at the beginning of the financial year	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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 Provident Fund & other Funds	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration to other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending board/committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors:-

Other Non-Executive Directors							Total Amount
Fee for attending board/committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–	–
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

Sr. No.	Particulars of Remuneration	Mr. Vijay Mahajan- CEO	Total
1.	Gross Salary	6,10,452	6,10,452
	(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	–	–
	– Other, specify	–	–
5.	Others, please specify	–	–
	Total (C)	6,10,452	6,10,452

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)
A.	**COMPANY**					
	Penalty	–	–	–	–	–
	Punishment	–	–	–	–	–
	Compounding	–	–	–	–	–
B.	**DIRECTORS**					
	Penalty	–	–	–	–	–
	Punishment	–	–	–	–	–
	Compounding	–	–	–	–	–
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	–	–	–	–	–
	Punishment	–	–	–	–	–
	Compounding	–	–	–	–	–

For and on behalf of the Board

V. S. Parthasarathy
Chairman

Mumbai, 5th May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra eMarket Limited

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of Mahindra eMarket Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. 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

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. 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.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and 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 exits 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

8. 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 and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls 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.

10. 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

11. 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

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

13. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, 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, 2017, 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.

    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. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company – Refer Note [18].

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 05, 2017

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of **Mahindra eMarket Limited** for the year ended March 31, 2017

I. (i) The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. The Company is in the business of providing ecommerce 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.

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 customsand 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) 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.

VIII. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

IX. In our opinion and according to the information and explanations given to us, there were no moneys raised by way of terms loans, initial public offer or further public offer.

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, 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. 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.

XII. 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.

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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : May 05, 2017

BALANCE SHEET AS AT 31 MARCH 2017

Rupees Lacs

	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I. ASSETS		–	–	–
NON-CURRENT ASSETS		–	–	–
SUB-TOTAL		**–**	**–**	**–**
CURRENT ASSETS				
(a) Financial Assets				
(i) Trade Receivables	2	29.23	3.53	–
(ii) Cash and Cash Equivalents	3	14.57	6.08	0.15
(b) Other Current Assets	4	–	0.12	–
SUB-TOTAL		**43.80**	**9.73**	**0.15**
Non-Current Assets Classified as Held for Sale		–	–	–
TOTAL ASSETS		**43.80**	**9.73**	**0.15**
II. EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	**5**	79.97	79.97	79.97
(b) Other Equity		(83.57)	(84.15)	(80.08)
SUB-TOTAL		(3.60)	(4.18)	(0.11)
LIABILITIES				
2 NON-CURRENT LIABILITIES		–	–	–
SUB-TOTAL		**–**	**–**	**–**
3 CURRENT LIABILITIES				
(a) Financial Liabilities		–	–	
(i) Trade Payables	**6**	1.67	1.31	0.26
(b) Provisions	**7**	0.87		
(c) Current Tax Liabilities (Net)		0.03		
(d) Other Current Liabilities	8	**44.83**	**12.60**	
SUB-TOTAL		**47.40**	**13.91**	**0.26**
Liabilities Associated with Assets Held for Sale				
TOTAL		**43.80**	**9.73**	**0.15**

The accompanying notes 1 to 18 are an integral part of the Financial Statements

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 5th May, 2017

For and on behalf of the Board of Directors

V S Parthasarathy
Director

S Durgashankar
Director

K N Vaidyanathan
Director

Place: Mumbai
Date: 5th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

Rupees Lacs

	Particulars	Note No.	Year ended 31 March, 2017	Year ended 31 March 2016
Continuing Operations				
I	Revenue from operations	9	**2.11**	–
II	Other Income	10	**0.19**	–
III	Total Revenue (I + II)		**2.29**	**–**
IV	**EXPENSES**			
	(a) Other expenses	11	**1.58**	4.07
V	**Total Expenses**		**1.58**	4.07
VI	**Profit/(loss) before exceptional items and tax (III - V)**		**0.71**	(4.07)
VII	**Exceptional Items**		–	**–**
VIII	**Share of profit/(loss) of joint ventures and associates**		–	**–**
	(1) Share of profit/(loss) of joint ventures and associates			
VII	**Profit/(loss) before tax (VI - VII - VIII)**		**0.71**	(4.07)
VIII	**Tax Expense**			
	(1) Current tax	12	**0.14**	**–**
	(2) Deferred tax	12	**–**	**–**
	Total tax expense		**0.14**	**–**
IX	**Profit/(loss) after tax from continuing operations (VII - VIII)**		**0.58**	(4.07)
X	**Profit/(loss) for the period**		**0.58**	(4.07)
XI	**Other comprehensive income**			
	A (i) Items that will not be recycled to profit or loss		**–**	–
	(a) Changes in revaluation surplus			
	(b) Remeasurements of the defined benefit liabilities/asset			
	(c) Equity instruments through other comprehensive income			
	(d) Fair value changes relating to own credit risk			
	(e) Others (specify nature)			
	(ii) Income tax relating to items not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(a) Exchange differences in translating the financial statements of foreign operations			
	(b) Debt instruments through other comprehensive income			
	(c) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge			
	(d) Share of other comprehensive income of equity accounted investees			
	(e) Others (specify nature)			
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XVI	**Total comprehensive income for the period (XV + XVIII)**		**0.58**	**(4.07)**
XVIII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	13	**0.07**	(0.51)
	(2) Diluted	**13**	**0.07**	(0.51)

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 5th May, 2017

For and on behalf of the Board of Directors

V S Parthasarathy
Director

S Durgashankar
Director

K N Vaidyanathan
Director

Place: Mumbai
Date: 5th May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

A. Equity share capital

	Rupees Lacs
As at 1 April 2015	79.97
Changes in equity share capital during the year	0
As at 31 March 2016	79.97
Changes in equity share capital during the year	0
As at 31 March 2017	79.97

In terms of our report attached.

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 5th May, 2017

For and on behalf of the Board of Directors

V S Parthasarathy
Director

S Durgashankar
Director

K N Vaidyanathan
Director

Place: Mumbai
Date: 5th May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

B. Other Equity

Rupees Lacs

	Reserves and Surplus							Items of other comprehensive income							
	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	Treasury Shares	General Reserve	Retained Earnings	Debt instrument through Other Comprehensive Income	Equity instrument through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Money received against share warrants	Attributable to owners of the parent	Non-controlling interests	Total
As at 1 April 2015							(80.08)									(80.08)
Profit / (Loss) for the period							(4.07)									(4.07)
Other Comprehensive Income / (Loss)							–									–
Total Comprehensive Income for the year							(4.07)									(4.07)
Dividend paid on Equity Shares							–									–
Dividend Distribution Tax							–									
Transfers to Reserves							–									–
Transfers from retained earnings							–									
Equity Share Issuance Costs							–									
Exercise of employee stock options							–									
Options granted during the period							–									
As at 31 March 2016							**(84.15)**									**(84.15)**
Profit / (Loss) for the period							0.58									0.58
Other Comprehensive Income / (Loss)							–									–
Total Comprehensive Income for the year							**0.58**									**0.58**
Dividend paid on Equity Shares							–									–
Dividend Distribution Tax							–									–
Transfers to Reserves							–									–
Transfers from retained earnings							–									–
Equity Share Issuance Costs							–									–
Exercise of employee stock options							–									–
Options granted during the period							–									–
As at 31 March 2017							**(83.57)**									**(83.57)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Rupees Lacs

Particulars	Note No.	Year Ended 31 March 2017	Year Ended 31 March 2016
Cash flows from operating activities:			
Profit before tax for the year	PL	**0.71**	(4.07)
Adjustments for:			
Income tax expense recognised in profit or loss			
Finance costs recognised in profit or loss			
Investment income recognised in profit or loss			
Depreciation and amortisation of non-current assets			
		0.71	**-4.07**
Movements in working capital:			
Increase in trade and other receivables		**(25.70)**	(3.53)
(Increase)/decrease in other assets		**0.12**	(0.12)
Decrease in trade and other payables		**0.36**	1.06
Increase/(decrease) in provisions		**0.87**	
(Decrease)/increase in other liabilities		**32.23**	12.60
Cash generated from operations		**8.59**	5.94
Income taxes paid		**0.10**	0
		8.49	5.94
Net cash generated by operating activities			
Cash flows from investing activities		**–**	–
Cash flows from financing activities		**–**	–
Net increase in cash and cash equivalents		**8.49**	5.94
Cash and cash equivalents at the beginning of the year		**6.08**	0.15
Effects of exchange rate changes on the balance of cash held in foreign currencies		**–**	–
Cash and cash equivalents at the end of the year		**14.57**	6.08

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 5th May, 2017

For and on behalf of the Board of Directors

V S Parthasarathy
Director

S Durgashankar
Director

K N Vaidyanathan
Director

Place: Mumbai
Date: 5th May, 2017

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Notes forming part of Balance Sheet & Profit & Loss Account

Notes I

1. Significant Accounting Policies:

1.1 Statement of compliance

The standalone financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 1.9 for the details of first-time adoption exemptions availed by the Company.

1.2 Basis of preparation and presentation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The principal accounting policies are set out below.

1.3 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:

- commission fees are recognised by reference to the completion of delivery of the product;
- servicing fees as per standard legal agreement or the arrangement. Fees are charges on monthly basis.
- servicing fee on completion of certain milestone of the contract

1.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences 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.

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 liabilities and assets 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.

1.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

1.5 Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

1.5.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when a company 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

1.7 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

1.7.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1.7.2 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

1.7.3 Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.8 Financial liabilities and equity instruments

1.8.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

1.9 First-time adoption – mandatory exceptions, optional exemptions, and

1.9.1 Overall principle

The Company has prepared the opening standalone balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

1.9.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

1.9.3 Accounting for changes in parent's ownership in a subsidiary that does not result in a loss of control

The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in a loss of control in accordance with Ind AS 110, prospectively from the date of transition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1.9.4 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Notes - I, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions 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.

Note No. 2 - Trade receivables

Rupees lacs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade receivables						
(a) Secured, considered good						
(b) Unsecured, considered good	**29.23**		3.53			
(c) Doubtful						
Less: Allowance for Credit Losses						
TOTAL	**29.23**		3.53			
Of the above, trade receivables from:						
– Related Parties						
– Others	**29.23**		3.53			
TOTAL	**29.23**		3.53			

Refer Note 14 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 3 - Cash and Bank Balances

Rupees Lacs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
(a) Balances with banks	**14.57**	6.08	0.15
(b) Cheques, drafts on hand			
(c) Cash on hand			
(d) Others			
Total Cash and cash equivalent	**14.57**	6.08	0.15
Other Bank Balances			
(a) Earmarked balances with banks			
Total Other Bank balances	**–**	–	–

Reconciliation of Cash and Cash Equivalents

Rupees Lacs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total Cash and Cash Equivalents as per Balance Sheet	**14.57**	6.08	0.15
Add: Bank Overdraft			
Add: Cash and bank balances included in a disposal company held for sale			
Total Cash and Cash Equivalents as per Statement of Cashflow	**14.57**	**6.08**	**0.15**

Note No. 4 - Other assets

Rupees Lacs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Capital advances						
(i) For Capital work in progress					–	–
(b) Advances other than capital advances						
(i) Security Deposits						
(ii) Advances to related parties						
(iii) Balances with government authorities (other than income taxes)	**–**		0.12			
(iv) Other advances			–	–		
	–	**–**	0.12	–	–	–
	–	**–**	–	–	–	–
	–	**–**	0.12	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Note No. 5 - Equity Share Capital

Rupees Lacs

	31 March, 2017		31 March, 2016		31 March, 2015	
Particulars	**Nos**	**INR**	**Nos**	**INR**	**Nos**	**INR**
Authorised Share Capital:						
Equity Shares of Rs. 10 each						
(10,00,000 Equity Shares of Rs. 10 each)	1,000,000.00	100	1,000,000.00	100.00	1,000,000.00	100.00
Total	**1,000,000.00**	**100.00**	**1,000,000.00**	**100.00**	**1,000,000.00**	**100.00**
Issued and Subscribed:						
Equity Share Capital:						
Opening Balance (shares of Rs. 10 Each)	799,700.00	79.97	799,700.00	79.97	799,700.00	79.97
Add: Issued during the year (shares of Rs. 10 Each)	–	–	–	–	–	–
Closing Balance (799,700 shares of Rs. 10 Each)	**799,700.00**	**79.97**	**799,700.00**	**79.97**	**799,700.00**	**79.97**

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/-. 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 in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Rupees Lacs

	31 March, 2017		31 March, 2016		31 March, 2015	
Particulars	**Nos**	**INR**	**Nos**	**INR**	**Nos**	**INR**
Shares outstanding at the beginning of the year	799,700	79.97	799,700	79.97	799,700	79.97
Add: Rights shares issued	–	–	–	–	–	–
Shares outstanding at the end of the year	**799,700.00**	**79.97**	**799,700.00**	**79.97**	**799,700.00**	**79.97**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	**Opening Balance**	**Fresh Issue**	**Bonus**	**ESOP**	**Other Changes (give details)**	**Closing Balance**
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2017						
No. of Shares	799,700	–	–	–	–	799,700
Amount	79.97	–	–	–	–	79.97
Year Ended 31 March 2016						
No. of Shares	799,700	–	–	–	–	799,700
Amount	79.97	–	–	–	–	79.97
Year Ended 1 April 2015						
No. of Shares	799,700	–	–	–	–	799,700
Amount	79.97	–	–	–	–	79.97
(b) Equity Shares with Differential Voting rights						
Year Ended 31 March 2017						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
Year Ended 31 March 2016						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
Year Ended 1 April 2015						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(c) Preference Shares						
Year Ended 31 March 2017						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
Year Ended 31 March 2016						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
Year Ended 1 April 2015						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–
	–	–	–	–	–	–

Rights, preferences and restrictions attached to 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. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2017			
Mahindra & Mahindra Ltd, Holding Company	**359,865**		
Mahindra & Mahindra Contech Ltd, Subsidiary of the holding company	**247,907**		
Mahindra Holdings Ltd, Holding Company	**191,928**		
As at 31 March 2016			
Mahindra & Mahindra Ltd, Holding Company	359,865		
Mahindra & Mahindra Contech Ltd, Subsidiary of the holding company	247,907		
Mahindra Holdings Ltd, Holding Company	191,928		
As at 1 April 2015			
Mahindra & Mahindra Ltd, Holding Company	359,865		
Mahindra & Mahindra Contech Ltd, Subsidiary of the holding company	247,907		
Mahindra Holdings Ltd, Holding Company	191,928		

(iii) Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Class of shares/Name of shareholder	Number of shares held	% holding in that class of shares	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 & Mahindra Ltd	359,865	45%	359,865	45%	359,865	
Mahindra & Mahindra Contech Ltd	247,907	31%	247,907	31%	247,907	
Mahindra Holdings Ltd	191,928	24%	191,928	24%	191,928	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Note No. 6 - Trade Payables

Rupees Lacs

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars	**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises						
Trade payable - Other than micro and small enterprises	1.67	–	1.31	–	0.26	–
Liability for Cash-settled share-based payments						
Total trade payables	1.67	–	1.31	–	0.26	–

Trade Payables are payables in respect of the amount due on account of services received in the normal course of business. Company's credit risk management processes are explained in Note 14.

Note No. 7 - Provisions

Rupees Lacs

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars		**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
(a)	Provision for employee benefits						
	1 Long-term Employee Benefits						
(b)	Other Provisions						
	1 Warranty						
	2 Other Provisions	0.87					
	Total Provisions	**0.87**					

Details of movement in Other Provisions is as follows:

Particulars	**Warranty claims**	**Onerous contracts**	**Other Provisions**	**Claims Against Guarantee Commitments**	**Total**
Balance at 1 April 2015					
Additional provisions recognised					
Amounts used during the period					
Unused amounts reversed during the period					
Unwinding of discount and effect of changes in the discount rate					
Balance at 31 March 2016			–		–
Balance at 1 April 2016					
Additional provisions recognised			0.87		0.87
Amounts used during the period					
Unused amounts reversed during the period					
Unwinding of discount and effect of changes in the discount rate					
Balance at 31 March 2017			**0.87**		**0.87**

Note No. 8 - Other Liabilities

Rupees Lacs

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars		**Current**	**Non-Current**	Current	Non- Current	Current	Non- Current
a.	Advances received from customers	38.29		10.42			
b.	Deferred Revenue						
	– Deferred Revenue arising from Customer Loyalty program						
	– Deferred Government grant related to assets						
	– Other Deferred Revenues						
c.	Statutory dues						
	– taxes payable (other than income taxes)	1.26					
	– Employee Recoveries and Employer Contributions						
d.	Other Payable	5.28		2.18			
	Total other liabilities	**44.83**		**12.60**			**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Note No. 9 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees Lacs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(a) Revenue from sale of products	–	–	–
(b) Revenue from rendering of services	2.11	–	–
(c) Other operating revenue	–	–	–
(d) Interest income of financial enterprises	–	–	–
(e) Construction contract revenue	–	–	–
Total Revenue from Operations	**2.11**	**–**	**–**

Note No. 10 - Other Income

Rupees Lacs

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Write back of Old Provisions	0.19	–
Total Other Income	0.19	–

Note No. 11 - Other Expenses

Rupees Lacs

Particulars	As at 31 March 2017	As at 31 March 2016
(a) Rates and taxes	0.07	–
(b) Advertisement	0.03	0.79
(c) Auditors remuneration	0.50	0.25
(i) As Auditors	0.50	0.25
(ii) For Taxation matters	–	–
(d) Legal and other professional costs	0.45	2.52
(e) Bank Charges	0.41	0.51
(f) Other Miscellaneous Expenses	0.13	–
Total Other Expenses	**1.58**	**4.07**

Note No. 12 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees Lacs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax:		–
In respect of current year	**0.14**	–
In respect of prior years	**–**	–
Unrecognised tax loss used to reduce current tax expense	**–**	–
Others		
Deferred Tax:		
In respect of current year origination and reversal of temporary differences		
Unrecognised tax loss used to reduce deferred tax expense		
Total income tax expense on continuing operations	**0.14**	–

(b) Income tax recognised in other Comprehensive income

Rupees Lacs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax		
Deferred tax related to items recognised in other comprehensive income during the year:		
Cash flow hedges	**–**	–
Net fair value gain on investments in debt instruments at FVTOCI	**–**	–
Total	**–**	–

(c) Amounts Recognised Directly in Equity

Rupees Lacs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current Tax		
Debenture Issue Costs	**–**	–
Deferred Tax		
Convertible Notes	**–**	–
Total	**–**	–

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees Lacs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax from continuing operations	**0.71**	(4.07)
Income tax expense calculated at 29.87% (2017:29.87%) [(2016: 34.61%)]	**(0.21)**	(1.26)
Effect of tax rates in foreign jurisdictions		
Reduction in tax rate between Actual Rate and MAT Rate	**0.08**	
Effect of income that is exempt from taxation		
Effect of expenses that is non-deductible in determining taxable profit		
Effect of tax incentives and concessions (research and development and other allowances)		
Effect of current year losses for which no deferred tax asset is recognised		1.26
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets		
Changes in recognised deductible temporary differences		
Changes in estimates related to prior years		
Unrecognised MAT Credit		
	(0.14)	–
Adjustments recognised in the current year in relation to the current tax of prior years		
Income tax expense recognised In profit or loss from continuing operations	**(0.14)**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 29.87% (F16 - 30.90%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(e) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Rupees Lacs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deductible Temporary differences (will never expire)			
Unused Tax losses (revenue in nature)	**3.78**	4.49	1.15
Unused Tax losses (capital in nature)			
Unused tax credits -MAT (give expiry date)			
Total	**3.78**	4.49	1.15

The unrecognised tax losses carried forward expire as follows:

Expiry Date	Amount
31st March, 2024	0.36
31st March, 2025	3.42
	3.78

Note No. 13 - Earnings per Share

Particulars	For the year ended 31 March 2017 Per Share	For the year ended 31 March 2016 Per Share
Basic Earnings per share		
From continuing operations	**0.07**	(0.51)
From discontinuing operations		
Total basic earnings per share	**0.07**	(0.51)
Diluted Earnings per share		
From continuing operations	**0.07**	(0.51)
From discontinuing operations		
Total diluted earnings per share	**0.07**	(0.51)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31 March 2017	For the year ended 31 March, 2016
Profit / (loss) for the year attributable to owners of the Company	**0.58**	-4.07
Less: Preference dividend and tax thereon		
Profit / (loss) for the year used in the calculation of basic earnings per share	**0.58**	-4.07
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	**0.58**	-4.07
Weighted average number of equity shares	**7.997**	7.997
Earnings per share from continuing operations - Basic	**0.07**	(0.51)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	For the year ended 31 March 2017	For the year ended 31 March, 2016
Profit / (loss) for the year used in the calculation of basic earnings per share	**0.58**	(4.07)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**0.58**	(4.07)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**0.58**	(4.07)

Note No. 14 - Financial Instruments

Capital management

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 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.

	31-Mar-17	31-Mar-16	1-Apr-15
Equity	**(3.60)**	(4.18)	(0.11)

Categories of financial assets and financial liabilities

Rupees Lacs

	As at 31 March 2017			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	**–**	**–**	**–**	**–**
Current Assets				
Trade Receivables	**29.23**	**–**	**–**	**–**
Cash and Cash Equivalents	**14.57**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Rupees Lacs

	As at 31 March 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Liabilities				
Trade Payables	**–**	**–**	**–**	**–**
Current Liabilities				
Trade Payables	**1.67**	**–**	**–**	**–**

Categories of financial assets and financial liabilities

	As at 31 March 2016			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	3.53	–	–	–
Cash and Cash Equivalents	6.08	–	–	–
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	1.31	–	–	–

Categories of financial assets and financial liabilities

	As at 31 March 2015			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	–	–	–	–
Cash and Cash Equivalents	0.15	–	–	–
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	0.26	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Three largest Trade Receivable constitute more than 10% of outstanding exposure and together more than 50% of the outstanding exposure.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	**1.67**			
Total	**1.67**			
31-Mar-16				
Non-interest bearing	1.31			
Total	1.31			
1-Apr-15				
Non-interest bearing	0.26			
Total	0.26			

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	**43.80**			
Fixed interest rate instruments				
Total	**43.80**			
31-Mar-16				
Non-interest bearing	9.61			
Fixed interest rate instruments				
Total	9.61			
1-Apr-15				
Non-interest bearing	0.15			
Fixed interest rate instruments				
Total	0.15			

Note No. 15 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-17 Carrying amount	31-Mar-17 Fair value	31-Mar-16 Carrying amount	31-Mar-16 Fair value	1-Apr-15 Carrying amount	1-Apr-15 Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– loans to related parties						
– trade and other receivables	**29.23**	**29.23**	3.53	3.53		
Financial liabilities						
Financial liabilities held at amortised cost						
– loans from related parties						
– trade and other payables	**1.67**		1.31		0.26	
Total						

	Fair value hierarchy as at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		**29.23**		
Total		**29.23**		
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		**1.67**		
Financial lease payables		**1.67**		
Total				

	Fair value hierarchy as at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		3.53		
Total		3.53		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Fair value hierarchy as at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		1.31		
Financial lease payables		1.31		
Total				

	Fair value hierarchy as at 31 March 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		–		
Total		–		
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		0.26		
Financial lease payables		0.26		
Total				

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 16 - Segment Information

Geographic information	**Year Ended 31 March 2017**	Year Ended 31 March 2016
Revenue from external customers		
India	**2.29**	–
Outside India	**–**	–
Total revenue per standalone statement of profit or loss	**2.29**	–

Non-current operating assets:	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
India	**–**	–	–
United States	**–**	–	–
Total	**–**	–	–

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

	Year Ended 31 March 2017	Year Ended 31 March 2016
Management Fees	**2.10**	–
Others	**0.19**	–
Total	**2.29**	–

Note No. 17 - Related Party Transactions

Name of the ultimate parent Company	Mahindra & Mahindra Ltd
Name of the parent Company	Mahindra Holdings Ltd
Name of the fellow subsidiary Company	Mahindra Two Wheelers Ltd, Mahindra Holidays & Resorts India Limited, Mahindra First Choice Services Ltd

Details of transaction between the Company and its related parties are disclosed below:

Particulars	**For the year ended**	**Ultimate Parent Company**	**Entities having joint control/ significant influence over Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties							
Sale of goods	**31-Mar-17**						
	31-Mar-16	0					
Purchase of goods	**31-Mar-17**						
	31-Mar-16	0					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	For the year ended	Ultimate Parent Company	Entities having joint control/ significant influence over Company	Fellow Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company
Sale of property and other assets	**31-Mar-17**						
	31-Mar-16	0					
Purchase of property and other assets	**31-Mar-17**						
	31-Mar-16	0					
Rendering of services	**31-Mar-17**	**2.43**		**2.17**			
	31-Mar-16	0					
Receiving of services	**31-Mar-17**	**12.17**					
	31-Mar-16	1.88					

Nature of Balances with Related Parties	Balance as on	Ultimate Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company
Other payables	**31-Mar-17**	**19.96**					
	31-Mar-16	6.15					
Other receivables	**31-Mar-17**	**12.80**					
	31-Mar-16						
Loans & advances given	**31-Mar-17**						
	31-Mar-16						

Information of transaction and balances outstanding with related parties (secured/ unsecured/ nature of consideration for settlement of dues etc.)
Company has incurred Rs. 7,02,019.8 for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

Note No. 18 - Specified Bank Notes

Details of Specified Bank Notes and transaction during the period 8th November, 2016 to 30th December, 2016

(Rupees INR)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	500	1,421	1,921
(+) Permitted Receipts	–	–	–
(-) Permitted Payments	–	1,131	–
(-) Amount Deposited in Banks	500	290	–
Closing Cash in hand as on 30.12.2016	–	–	–

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their First Report together with the audited financial statements of your Company for the period from 27th July, 2016 to 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	**For the period from 27th July, 2016 to 31st March, 2017**
Revenue	**3.12**
Profit/(Loss) before Interest, Depreciation and Tax	**(141.80)**
Less: Depreciation	**–**
Profit/(Loss) before Interest and Tax	**(141.80)**
Less: Interest Expense	**–**
Profit/(Loss) before Tax	**(141.80)**
Provision for Tax/tax of earlier years	**–**
Profit/(Loss) for the year	**(141.80)**
Profit/(Loss) brought forward from earlier years	**–**
Profit/(Loss) carried to Balance Sheet	**(141.80)**
Net Worth	**83.20**

The aforesaid financial highlights are based on audited financial statements for the period ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013.

No material changes and commitments have occurred after the closure of the financial period under review till the date of this report which would affect the financial position of the Company.

Operations:

Company was formed during the year. Non Scheduled Operator (NSOP) Category application was submitted to Deputy General Controller of Aviation for obtaining the required license.

Dividend

Your Board has not considered declaration of dividend in view of the operating losses of the company for the period under review.

Holding Company:

Your Company is wholly owned subsidiary of Mahindra Holdings Limited.

Share Capital

The authorised share capital of the Company as at the end of the period under review was Rs. 5,00,00,000/-.

Pursuant to the issue of 50,000 Equity Shares of Rs. 10/- each to the Subscribers to the Memorandum of Association and 22,00,000 Equity Shares of Rs. 10/- each for cash at par on rights basis, during the period under review, the issued and paid up Equity Share Capital of the Company stood at the end of the financial period under review at Rs. 2,25,00,000/-.

Board of Directors

First Directors of the Company constitute the present Composition of the Board of Directors of the Company as under:

Sl. No.	Name of the Director	Designation	Executive/Non-Executive	Independent/ Non Independent
1	Mr. Kandasamy Chandrasekar (DIN: 01084215)	Director	Non-Executive	Non Independent
2	Mr. Xerxes Phiroze Adrianwalla (DIN: 06915107)	Director	Non-Executive	Non Independent
3	Mr. Nikhil Ramkrishna Sohoni (DIN:06852639)	Director	Non-Executive	Non Independent

Mr. K Chandrasekar, Mr. Xerxes Adrianwalla and Mr. Nikhil Sohoni, being the first Directors, hold office upto the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

Your Company has received notices from a member intimating its intention to propose, at the ensuing Annual General Meeting, the appointment of all the above directors as liable to retire by rotation.

Meetings of the Board.

Your Board of Directors met four times during the period since its incorporation on 27th July, 2016 i.e. on 8th August, 2016, 30th September, 2016, 30th December, 2016 and 7th February, 2017.

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

Name of Directors	No. of meetings attended
Mr. K. Chandrasekar	4
Mr. Xerxes Adrianwalla	3
Mr. Nikhil Ramkrishna Sohoni	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 31st March, 2017 and of the Loss of the Company for the period 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.

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 and helps in managing the risks associated with the business of the Company.

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

During the period 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 & Audit Report

Messrs. B K Khare & Co, Chartered Accountants, (ICAI Registration Number 105102W), first auditors of your Company, are proposed to be appointed at the forthcoming 1st Annual General Meeting. The members are requested to appoint them as Statutory Auditors, in accordance with the provisions of Section 139(1) of Companies Act, 2013, from the conclusion of forthcoming Annual General Meeting until the conclusion of 6th Annual General Meeting to be held in the year 2022 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 reappointment, if 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 period under review, the Statutory Auditors had not reported any instances of frauds committed in the Company.

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 I** and forms part of this Report.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the period under review.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the period under review, there were no loans, guarantees or investments, particulars in respect of which were required to be furnished in terms of Section 186 of the Companies Act, 2013.

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 period 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 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 the Parent Company Mahindra and Mahindra Limited.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered, during the period under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were in ordinary course of business and at arm's length.

There were no material contracts or arrangements or transactions with related parties, particulars of which are required to be furnished in terms of Section 134 of Companies Act, 2013.

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, 2017 is attached herewith as **Annexure II** 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. Significant issues, if any, are brought to the attention of the Board.

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business carried out by the Company.
3. Significant or material orders by 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 and all other stakeholders for their co-operation to the Company during the period under review.

For and On Behalf of the Board,

K. Chandrasekar Director

Nikhil Sohoni Director

Mumbai, 26th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL PERIOD FROM 27TH JULY, 2016 TO 31ST MARCH, 2017

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD FROM 27TH JULY, 2016 TO 31ST MARCH, 2017.

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, wherever practicable.

(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: **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*)

Total Foreign Exchange Earned and Used: **(Rupees in Lakhs)**

	For the Financial period from 27th July, 2016 to 31st March, 2017
Total Foreign Exchange earned	**Nil**
Total Foreign Exchange used	**Nil**

For and on behalf of the Board

K. Chandrasekar Director

Nikhil Sohoni Director

Mumbai, 26th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE PERIOD FROM 27TH JULY, 2016 TO 31ST MARCH, 2017

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31ST March, 2017

[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:-		U62100MH2016PLC284135
ii)	Registration Date		27/07/2016
iii)	Name of the Company		Mahindra Airways 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		Mahindra Towers, G M Bhosale Marg, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2497 5081
vi)	Whether listed Company (Yes/No)		No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any		Karvy Computershare Pvt. Ltd. 7th Floor, 701, Hallmark Business Plaza, St. Dnyaneshwar Marg, Off Bandra Kurla Complex, Bandra East, Mumbai 400051 Tel. Ph.: 9122 61491626

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.	–	–	–

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 Holdings Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U65993MH2007PLC175649	Holding	100.00	2(46)

iv. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding	No. of Shares held at the beginning of the year (27.07.2016)				No. of Shares held at the end of the year				% Change during the year
Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	0	6	6	0.01	0	6	6	0.01	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	0	49,994	49,994	99.99	0	22,49,994	22,49,994	99.99	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	0	50,000	50,000	100.00	0	22,50,000	22,50,000	100.00	–
(2) **Foreign**									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	50,000	50,000	100.00	0	22,50,000	22,50,000	100.00	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian									
ii) Overseas									
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
Sub-total (B) (2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**0**	**50,000**	**50,000**	**100.00**	**0**	**22,50,000**	**22,50,000**	**100.00**	**0**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (27.07.2016)			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 Holdings Limited	49,994	100.00	NIL	22,49,994	100.00	NIL	0.00
2.	Mr. Mario Anthony Nazareth.* Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	0.00
3.	Mr. Parthasarathy Vankipuram Srinivasa * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	0.00
4.	Mr. Durga Shankar Subramanian * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	0.00
5.	Mr. Narayan Shankar * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	0.00
6.	Mr. Chandrasekar Kandasamy * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	0.00
7.	Mr. Nikhil Ramkrishna Soni * Nominee of Mahindra Holdings Limited	1	0.00	NIL	1	0.00	NIL	0.00
	Total	**50,000**	**100**	**NIL**	**22,50,000**	**0**	**NIL**	**0**

*** For the purpose of maintaining statutory minimum number of members for a Public Limited Company.**

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

No Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year (27.07.2016)		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.):				
1.	Allotment			50,000	100.00
2.	Allotment			22,00,000	100.00
	At the end of the year (or on the date of separation, if separated during the year)	–	–	22,50,000	100.00

(iv) Share holding 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 (27.07.2016)		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 (27.07.2016)		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. K. Chandrasekar, Director, Nominee of Mahindra Holdings Ltd**				
	At the beginning of the year (27.07.2016)	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.):	–	–	–	–
	At the end of the year			1	0

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (27.07.2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	**Mr. Nikhil Sohoni, Director, Nominee of Mahindra Holdings Ltd**				
	At the beginning of the year (27.07.2016)	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.):	–	–	–	–
	At the end of the year			1	0

V. INDEBTNESS

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
Indebtedness at the beginning of the financial period (27.07.2016)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial period				
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial period 31.03.2017				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONAL

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

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration		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		
	Total (A)	–	–
	Ceiling as per the Act		–

B. Remuneration of other Directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors			
	• Fees for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	–	–	–

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
2.	Other Non-Executive Directors			
	• Fees for attending board/committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	–	–	–
	Total Managerial Remuneration	–	–	–
	Ceiling as per the Act	–	–	–

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

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration			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	–	–	–
	Total	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

K. Chandrasekar Director

Nikhil Sohoni Director

Mumbai, 26th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AIRWAYS LIMITED

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra Airways Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss(including other comprehensive income), the Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   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

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting 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 and the Guidance Note on Audit of Internal Financial Controls over Financial Reporting. 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 the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

6. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and 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 exits 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 Ind AS 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 Ind AS 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 Ind AS 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 Company's internal financial controls system over financial reporting and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

8. A company's internal financial controls 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.

9. 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

INDEPENDENT AUDITORS' REPORT

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

10. 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

11. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

12. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, 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, 2017, 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.

    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. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

        iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Refer note [14].

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212

Place: Mumbai
Date: April 26, 2017

"ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in paragraph 13 of our report of even date on the Ind AS financial statements of **Mahindra Airways Limited** for the year ended March 31, 2017

I. (i) The Company does not own any fixed assets. Therefore, the provisions of clause 3(i), (ii) and (iii) are not applicable to the Company.

II. The Company has not dealt in any inventories during the year and does not hold any inventory at the end of the year. Therefore, 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 customsand 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) 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.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed from 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, there were no moneys raised by way of terms loans, initial public offer or further public offer.

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, 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 not paid any managerial remuneration during the year. Therefore, requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act are not applicable.

XII. 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.

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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

Shirish Rahalkar
Partner
Membership No.: 111212

Place: Mumbai
Date: April 26, 2017

BALANCE SHEET AS AT 31 MARCH 2017

		Note No.	Rs. In Lakhs As at 31 March 2017
I	**ASSETS**		
	Current Assets		
	(a) Financial Assets		
	(i) Investments	**3**	**133.13**
	(iii) Cash and Cash Equivalents	**4**	**7.25**
	Sub-Total		**140.38**
	Total Assets		**140.38**
II	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share Capital	**5**	**225.00**
	(b) Other Equity	**6**	**(141.80)**
	SUB-TOTAL		**83.20**
	Liabilities		
	(a) Provisions	**7**	**52.60**
	(b) Other Current Liabilities	**8**	**4.58**
	Sub-Total		**57.18**
	Total		**140.38**

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

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 26, 2017

For and on behalf of the Board of Directors

K Chandrasekar
Director

Nikhil Sohoni
Director

Place: Mumbai
Date: April 26, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Note No.	As at 31 March 2017 Rs. In lakhs
Continuing Operations		
I Revenue from operations		–
II Other Income	9	3.12
III Total Revenue (I + II)		3.12
Iv Expenses		
(a) Other expenses	10	144.92
Total Expenses (IV)		144.92
V Profit/(loss) before exceptional items and tax (III - IV)		(141.80)
Exceptional Items		
VI Share of profit/(loss) of joint ventures and associates		–
VII Profit/(loss) before tax (V - VI)		(141.80)
VIII Tax Expense		
(1) Current tax		–
(2) Deferred tax		–
Total tax expense (VIII)		–
IX Profit/(loss) for the period		(141.80)
X Earnings per equity share Basic/Diluted (in Rs.)	15	(6.30)

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

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 26, 2017

For and on behalf of the Board of Directors

K Chandrasekar
Director

Nikhil Sohoni
Director

Place: Mumbai
Date: April 26, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Note No.	Year ended 31 March 2017 Rs. In Lakhs
Cash flows from operating activities		
Profit before tax for the year	**PL**	**(141.80)**
Adjustments for:		
Investment income recognised in profit or loss		**(3.12)**
		(144.92)
Movements in working capital:		
Increase/(decrease) in provisions		**57.18**
(Decrease)/increase in deferred revenue		
(Decrease)/increase in other liabilities		
Cash generated from operations		**57.18**
Income taxes paid		
Net cash generated by operating activities		**(84.62)**
Cash flows from investing activities		
Payments to acquire financial assets		**(133.13)**
Net cash (used in)/generated by investing activities		**(133.13)**
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company		**225.00**
Net cash used in financing activities		**225.00**
Net increase in cash and cash equivalents		**7.25**
Cash and cash equivalents at the beginning of the year		**–**
Effects of exchange rate changes on the balance of cash held in foreign currencies		
Cash and cash equivalents at the end of the year		**7.25**

Of the above, the balances that meet the definition of cash and cash equivalents as per IND-AS 7 Cash Flow Statement is 7.25

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

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 26, 2017

For and on behalf of the Board of Directors

K Chandrasekar
Director

Nikhil Sohoni
Director

Place: Mumbai
Date: April 26, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Corporate information

Mahindra Airways Ltd. is a private limited company incorporated in Mumbai, India on 27th July, 2016 under the Companies Act 2013. The registered office of the company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.

The Company's main activity is to carry on, engage in or provide services of all kinds related to or involved in the smooth operations and management of Aircrafts and machines of all kinds related to or capable of being flown in the air.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below Historical cost is generally based on the fair value of the consideration given in exchange for goods and services 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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The principal accounting policies are set out below.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable

2.4 Dividend and interest income

Dividend/Interest income from a financial asset is recognised 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

2.5. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.5.2 Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 liabilities and assets 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.

2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

2.6 Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.7 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.8. Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note 3.24.3 above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Note No. 3 Investments

		As at 31 March 2017	
	QTY	Amounts* In Lakhs	Amounts* In Lakhs
Particular		Current	Non Current
Investments in Mutual Funds	12,660	133.13	
Total Aggregate Quoted Investments	–	133.13	
Total investments		133.13	

Note No. 4 Cash and Bank Balances

Particulars	As at 31 March 2017 Rs. In Lakhs
Cash and cash equivalents	
(a) Balances with banks (in current accounts)	7.21
(b) Cash on hand	0.04
Total Cash and cash equivalent	7.25

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31 March 2017 Rs. In Lakhs
Total Cash and Cash Equivalents as per Balance Sheet	7.25
Add: Bank Overdraft	–
Add: Cash and bank balances included in a disposal group held for sale	–
Total Cash and Cash Equivalents as per Statement of Cashflow	7.25

Note No. 5 Equity Share Capital

		Rs. In lakhs
	As at 31 March 2017	As at 31 March 2017
Particulars	No. of shares	Amounts*
Authorised:		
Equity shares of Rs. 10/- each with voting rights	5000000	500.00
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10/- each with voting rights	2250000	225.00
Total	2250000	225.00

Note No. 6 Other Equity

	As at 31 March 2017 Rs. In lakhs
b. Other Equity	
As at 31 March 2016	–
Profit/(Loss) for the period	(141.80)
Other Comprehensive Income/(Loss)	
Total Comprehensive Income for the year	
As at 31 March 2017	(141.80)

Note No. 7 Provisions

	Rs. In Lakhs As at 31 March 2017	
Particulars	Current	Non-Current
– Other Provisions	52.60	-
Total Other Liabilities	52.60	-

Note No. 8 Other Liabilities

	Rs. In Lakhs As at 31 March 2017	
Particulars	Current	Non-Current
– Statutory Dues- taxes payable	4.58	
Total Other Liabilities	4.58	

Note No. 9 Other Income

Particulars	As at 31 March 2017 Rs. In Lakhs
(a) Dividend Income*	
(1) Dividend on other investments (Mutual funds)	3.12
Total Other Income	3.12

Note No. 10 Other Expenses

Particulars	As at 31 March 2017 Rs. In Lakhs
(x) Auditors remuneration and out-of-pocket expenses	
(i) As Auditors	0.58
(ii) For Taxation matters	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Particulars		As at 31 March 2017 Rs. In Lakhs
(iii)	For Company Law matters	
(iv)	For Other services (Certification Charges)	0.15
(v)	For reimbursement of expenses	
(y)	Other expenses	
	(1) Training expenses	23.78
	(2) Hire and service charges	5.58
	(3) Legal and other professional costs	108.75
	(4) Incorporation expenses	6.08
Total Other Expenses		144.92

Note No. 11 Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk <list all such risks as applicable>. 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropriate, credit guarantee insurance cover is purchased.

Apart from Company A, the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 march 2017, an amount of INR XX (31 March 2016: INR XX, 1 April 2015: INR XX)) has been recognised in the Consolidated Balance Sheet as financial liabilities.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of INR XX and bank guarantees of INR XX which is considered as collateral and these are considered in determination of expected credit losses, where applicable. <Provide details on any other type of collateral and its effect on ECL allowance>.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	7.25			
Variable interest rate instruments	133.13			
Total	140.38			

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Note No. 12 Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

This section explains the judgement and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

_ quoted prices for similar assets or liabilities in active markets

_ quoted prices for identical or similar assets or liabilities in markets that are not active

_ inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval

_ implied volatilities

_ credit spreads

_ inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participation assumptions that is reasonably available.

Fair value of financial assets and financial liabilities that are not measured at fair value

	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments		133.13		133.13
– cash & cash equivalents		7.25		7.25
Total		140.38		140.38

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 13

	As at 31 March 2017	
Statement Of Changes In Equity for the year ended 31 March 2017	Retained earnings	Total
		Rs. In Lakhs
A. Equity share capital		
As at 31 March 2016	–	–
Changes in equity share capital during the year	225.00	225.00
As at 31 March 2017	225.00	225.00

Note No. 14 Related Party Transactions

Name of the parent Company Mahindra Holdings Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Nature of transactions with Related Parties				
Receiving of services....	31-Mar-17		2.38	
Equity contribution to the Company	31-Mar-17	225.00		
Settlement of liabilities on behalf of the Company	31-Mar-17		1.50	
Settlement of liabilities by the Company on behalf of related parties	31-Mar-17			

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Trade payables	31-Mar-17			
Other balances	31-Mar-17		2.38	

Note No. 15 Earnings per Share

Note	Particulars	For the year ended 31 March 2017
		Per Share
	Basic Earnings per share	
	From continuing operations	(6.30)
	From discontinuing operations	
	Total basic earnings per share	(6.30)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Note	Particulars	For the year ended 31 March 2017
	Diluted Earnings per share	
	From continuing operations	**(6.30)**
	From discontinuing operations	
	Total diluted earnings per share	**(6.30)**

Note No. 16

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016

Note No. 17

Being the first financial statements of the Company, previous year's figures are not applicable.

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner

Membership No.: 111212
Place: Mumbai
Date: April 26, 2017

For and on behalf of the Board of Directors

K Chandrasekar
Director

Place: Mumbai
Date: April 26, 2017

Nikhil Sohoni
Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 4th (Fourth) Report, together with the Standalone Audited Financial Statements of your Company for the period ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF AFFAIRS OF THE COMPANY

(Amount in Rs.)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Income	**–**	–
Expenses	**(17,405)**	(38,333)
Deficit before taxation	**(17,405)**	(38,333)
Provision for taxation for the period	**–**	–
Deficit for the year after taxation	**(17,405)**	(38,333)
Balance of deficit of earlier years	**(97,243)**	(58,910)
Deficit carried forward to Balance Sheet	**(1,14,648)**	(97,243)
Transfer to Reserves	**Nil**	Nil
Net Worth	**(3,85,352)**	(4,02,757)

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.

BUSINESS AND OPERATIONS OF YOUR COMPANY

Your Company was incorporated under Section 8 of the Companies Act, 2013 to carry on the operations of an electoral trust pursuant to the Electoral Trusts Scheme, 2013, issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance vide notification dated 31st January, 2013, i.e. for distributing and allocating the contributions, payments, etc. received or gathered by the Company to/for the use of the political party(ies) which are registered under Section 29A of the Representation of the People Act, 1951.

Your Company is not yet registered as an Electoral Trust and hence during the year under review, it has not accepted any contribution for distributing the same to the political parties.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no subsidiary, associates and joint venture as on 31st March, 2017.

DIVIDEND

Your Company being Section 8 Company is prohibited from distribution of dividend.

SHARE CAPITAL

The Authorised Share Capital of your Company stood at Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each and the Paid-up Share Capital stood at Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each as on 31st March, 2017.

BOARD OF DIRECTORS

Presently, the Board of Directors comprises of the following:

Name of Director	DIN	Designation	No. of Board meetings attended
Mr. Rajesh Parte	07005987	Non – Executive Non – Independent	2
Mr. Feroze Baria	03315262	Non – Executive Non – Independent	2
Ms. Anita Halbe	07041040	Non – Executive Non – Independent	2

Ms. Anita Halbe (DIN 07041040) retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers herself for re-appointment.

There have not been any changes in Directors during the year under review.

The provisions relating to constitution of mandatory committees of Board are not applicable to your Company.

Number of Board Meetings and Annual General Meeting

Your Board of Directors met 2 times during the year under review on 20th May, 2016 and on 29th September, 2016. The 3rd Annual General Meeting of the Company was held on 29th September, 2016.

EVALUATION OF PERFORMANCE

The provisions relating to annual evaluation of Board and Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors, after due enquiry, confirm that:

(a) In the preparation of the annual financial statements for the period ended 31st March, 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures;

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 period on 31st March 2017 and of the deficit of the Company for the period 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 had ensured that there exist adequate internal financial controls with reference to financials statements.

e) They have prepared the annual accounts on a going concern basis; and

f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS AND AUDITORS' REPORT

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Registration Number 105102W) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the First Annual General Meeting until the conclusion of Sixth Annual General Meeting to be held in the year 2019.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from M/s. B. K. Khare & Co., to their appointment and a certificate to the effect that ratification of 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.

The Members are requested to ratify the appointment of Statutory Auditors of the Company at the ensuing Annual General Meeting and to fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

The provisions relating to Secretarial Audit, Internal Audit and Cost Audit are not applicable to your Company.

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, under section 143 (12) of the Companies Act 2013, details of which needs to be mentioned in this Report.

RISK MANAGEMENT

Your Company has not commenced any business activities during the year under review. In the opinion of the Board, there are no apparent risks which may threaten the existence of the Company.

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 an unlisted Company, provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of 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 & Mahindra Limited

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company has not given any loans, made investments, and provided guarantees and securities, pursuant to Section 186 of the Companies Act, 2013.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Company has not entered into any contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013.

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 2017 in form no. MGT-9 is annexed as **Annexure II** 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.

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 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:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company neither has a Managing Director nor Whole Time Director.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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 all the stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Rajesh Parte Director

Feroze Baria Director

Mumbai, 25th May, 2017

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 31ST MARCH, 2017.

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:	**(Rupees in Lakhs)**	(Rupees in Lakhs)
	For the Year ended 31st March, 2017	For the Period ended 31st March, 2016
Total Foreign Exchange Earned	**Nil**	Nil
Total Foreign Exchange Used	**Nil**	Nil

For and on behalf of the Board

Rajesh Parte Director

Feroze Baria Director

Mumbai, 25th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT - 9

Extract of Annual Return as on the period ended on 31st March, 2017

[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**	U93000MH2013NPL251507
2.	**Registration Date**	30th December, 2013
3.	**Name of the Company**	Mahindra 'Electoral Trust' Company
4.	**Category/Sub-Category of the Company**	Limited by shares/Indian Non Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91-22-24905620
6.	**Whether listed Company (Yes/No)**	No
7.	**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.	Carry on the operations of an electoral trust pursuant to the Electoral Trusts Scheme, 2013	N.A.	N.A.

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. 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 (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st march, 2017)				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
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/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	**–**	**50,000**	**50,000**	**100**	**–**	**50,000**	**50,000**	**100**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st march, 2017)				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
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):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st march, 2017)			% 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	49,994	100	–	49,994	100	–	–
2.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st march, 2017)			% 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	
3.	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. Arun Nanda*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. K. Chandrasekar*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. Shantanu Rege*	1	–	–	1	–	–	–
	Total	**50,000**	**100**	–	**50,000**	**100**	–	–

* The shares are held by Mahindra & Mahindra Limited, jointly with nominee, to comply with the statutory provisions of the Companies Act, 2013, with regards to minimum number of members.

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): NIL

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: NIL

Sr. No.	Name of Director/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
1	**At the beginning of the period**	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the period	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

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	–	–	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
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: NIL

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors					
	• Fee for attending board/committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)	–	–	–	–	–
2.	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: NIL

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	–	–	–	–
	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	–	–	–	–
5.	Others	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	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						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Rajesh Parte Director

Feroze Baria Director

Mumbai, 25th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA "ELECTORAL TRUST" COMPANY

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA "ELECTORAL TRUST" COMPANY** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Income and Expenditure 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 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

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 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, 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.

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 31st March, 2017, and its deficit for the period ended on that date.

Report on Other Legal and Regulatory Requirements

The Company is licensed to operate under section 8 of Companies Act, 2013. Therefore on facts, 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"), is not applicable to the Company.

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 and the Statement of Income and Expenditure 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, in our opinion and to the best of our information and according to the explanations given to us:

a. As there are no pending litigations as on the date of financial statements by or against the Company, the Company is not required to disclosed the impact of pending litigations on its financial position in its financial statements,.

b. The Company has not entered into any long-term contracts including derivative contract, hence no provision for foreseeable losses on such contracts is required to be made in the financial statements;

c. There are not amounts which are required to be transferred to Investor Education and Protection Fund.

d. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 4

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date: 25th May, 2017
Place: Mumbai.

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA "ELECTORAL TRUST" COMPANY

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 "Electoral Trust" Company** ("the Company") as of March 31, 2017 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, 2017, 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

Shirish Rahalkar
Partner

Membership Number: 111212

Date: 25th May, 2017
Place: Mumbai

BALANCE SHEET AS AT MARCH 31, 2017

(Currency: Indian Rupees)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	**5,00,000.00**	5,00,000.00
(b) Reserves and surplus	2	**(1,14,647.86)**	(97,243.36)
		3,85,352.14	4,02,756.64
(2) Current liabilities			
(a) Trade payables	3	**19,568.00**	40,179.00
		19,568.00	40,179.00
TOTAL		**4,04,920.14**	4,42,935.64
II. ASSETS			
(1) Current Assets			
(a) Cash and cash equivalents	4	**4,04,920.14**	4,42,935.64
(b) Other Current assets	5	**–**	–
		4,04,920.14	4,42,935.64
TOTAL		**4,04,920.14**	4,42,935.64

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalakar
Partner
Member Registration No. 111212

Place : Mumbai
Date : 25th May, 2017

For and on behalf of the Board of Directors

MAHINDRA 'ELECTORAL TRUST' COMPANY

Rajesh Parte
Director

Feroze Baria
Director

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

(Currency: Indian Rupees)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I Revenue from operations	6	–	–
II Other income	7	–	–
III **Total Revenue (I + II)**		–	–
IV Expenses:			
Other expenses	8	**17,404.50**	38,333.36
Interest Others		–	–
Total Expenses		**17,404.50**	38,333.36
V Profit before tax (III - IV)		**(17,404.50)**	(38,333.36)
VI Tax Expenses:			
(1) Tax Expenses including for earlier years		–	–
(2) Deferred Tax		–	–
VII Profit/(Loss) for the year (XI + XIV)		**(17,404.50)**	(38,333.36)
VII Earnings per equity share:			
Basic/Diluted		**(0.35)**	(0.77)

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to Income and Expenditure Account

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalakar
Partner
Member Registration No. 111212

Place : Mumbai
Date : 25th May, 2017

For and on behalf of the Board of Directors

MAHINDRA 'ELECTORAL TRUST' COMPANY

Rajesh Parte
Director

Feroze Baria
Director

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2017

(Currency: Indian Rupees)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash Flow from Operating Activities**		
	Net Profit before taxation	**(17,404.50)**	(38,333.36)
	Adjustments for:		
	Depreciation on fixed assets	**–**	–
	Loss on sale of fixed assets	**–**	–
	Interest expense	**–**	–
	Deduct:		
	Profit on sale of fixed assets	**–**	–
	Interest income	**–**	–
	Operating Profit before Working Capital changes	**(17,404.50)**	(38,333.36)
	Adjustments for:		
	(Increase)/Decrease in loans and advances	**–**	–
	Increase/(Decrease) in liabilities	**(20,611.00)**	14,081.00
	CASH GENERATED FROM OPERATIONS	**(38,015.50)**	(24,252.36)
	Income tax Paid (Including provisions)	**–**	–
	Net Cash inflow from/(outflow) from Operating activities	**(38,015.50)**	(24,252.36)
B.	**Cash Flow from Investing Activities**	**–**	–
	Net Cash inflow from/(outflow) from Investing activities	**–**	–
C.	**Cash Flow from Financing Activities**	**–**	–
	Net Cash inflow from/(outflow) from Financing activities	**–**	–
	Net increase/(decrease) in cash and cash equivalents	**(38,015.50)**	(24,252.36)
	Opening Cash and Cash Equivalents		
	Cash in hand	**4,42,935.64**	4,67,188.00
	Bank balances	**–**	–
		4,04,920.14	4,42,935.64
	Closing Cash and Cash Equivalents		
	Cash in hand	**–**	–
	Bank balances	**4,04,920.14**	4,42,935.64
	Non cash transactions:	**4,04,920.14**	4,42,935.64

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalakar
Partner
Member Registration No. 111212

Place : Mumbai
Date : 25th May, 2017

For and on behalf of the Board of Directors

MAHINDRA 'ELECTORAL TRUST' COMPANY

Rajesh Parte
Director

Feroze Baria
Director

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2017

(Currency: Indian Rupees)

NOTE 1: Significant Accounting Policies

Nature of Operations

Mahindra 'Electoral Trust' Company, a subsidiary of Mahindra & Mahindra Ltd, was incorporated in India as a section 25 Company (under Companies Act, 1956) on 30th December, 2013. The main object of the company is to distribute, allocate or solely utilize the contributions, payments, funds or donations received or gathered by the company to/for the use of the political parties which are registered under section 29A of the Representation of People Act, 1951.

1. 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 and presented in the form set out in Schedule III of the Act, so far as they are applicable thereto.

These financial statements are presented in Indian rupees.

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) 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.

- Interest income

  Interest income is recognized on time proportion basis.

d) Taxation

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.

e) 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.

f) 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 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.

g) The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

h) Previous year figures have been regrouped/reclassified wherever applicable.

1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised Capital		
50000 Equity Shares of Rs. 10/- each	**5,00,000**	5,00,000
Issued Subscribed and Paid up		
50000 Equity Shares of Rs. 10/- each	**5,00,000**	5,00,000
	5,00,000	5,00,000

b. Information on shareholders

		As at March 31, 2017		As at March 31, 2016	
Name of Shareholder	Relationship	No. of Equity shares held	Percentage	No. of Equity shares held	Percentage
Mahindra & Mahindra Ltd	Holding Company	**50,000**	**100%**	50,000	100%

c. Reconciliation of number of shares

Particulars	Equity Shares	
	Number	Rs.
Shares outstanding at the beginning of the year	**50,000**	–
Shares issued during the year	–	–
Shares bought back during the year	–	–
Shares outstanding at the end of the year	**50,000**	–

2 - RESERVES AND SURPLUS

Particulars	As at March 31, 2017	As at March 31, 2016
Reserve and Surplus:		
Balance as per last Balance Sheet	**(97,243.36)**	(58,910.00)
Add/(Less): Profit/(Loss) for the Current year	**(17,404.50)**	(38,333.36)
	(1,14,647.86)	(97,243.36)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2017

(Currency: Indian Rupees)

3 - TRADE PAYABLES

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Payables *		
Due to Micro and Small Enterprises	**–**	–
Other than Micro and Small Enterprises	**19,568.00**	40,179.00
	19,568.00	40,179.00

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.

4 - CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with banks		
(i) On Current account	**4,04,920.14**	4,42,935.64
(ii) On Fixed Deposit account (for more than 12 months)	**–**	–
	4,04,920.14	4,42,935.64

Note:

Disclosure for specified Bank Notes (SBNs)

Particulars	SBNs	Other denomination notes
Closing cash in had as on November 8, 2016		
(+) Permitted receipts	**–**	**–**
(-) Permitted payments	**–**	**–**
(-) Amount deposited in Banks	**–**	–
Closing cash in had as on December 30, 2016	**–**	–
	–	–

5 - REVENUE FROM OPERATIONS

Particulars	As at March 31, 2017	As at March 31, 2016
Sale of Products (Gross)	**–**	–
Less: Excise Duty	**–**	–
	–	–

6 - OTHER INCOME

Particulars	As at March 31, 2017	As at March 31, 2016
Interest Income	**–**	–
Creditors written off	**–**	–
	–	–

7 - OTHER EXPENSES

Particulars	As at March 31, 2017	As at March 31, 2016
Auditor's remuneration	**5,725.00**	8,225.00
Bank Charges	**343.50**	–
Professional fees	**11,336.00**	30,108.36
	17,404.50	38,333.36

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalakar
Partner
Member Registration No. 111212

Place: Mumbai
Date : 25th May, 2017

For and on behalf of the Board of Directors

MAHINDRA 'ELECTORAL TRUST' COMPANY

Rajesh Parte
Director

Feroze Baria
Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

1) Financial Highlights

(Amount in Rupees)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue	**82,700**	43,649
(Loss)/Profit before Depreciation, Amortisation, Interest, and Taxation	**(48,942,400)**	3,894
Depreciation and Amortisation	**863,072**	–
(Loss)/Profit before Interest and Taxation	**(49,805,472)**	3,894
Interest	**3,773**	4,512
(Loss) before Taxation	**(49,809,245)**	(618)
Provision for Taxation for the year		
– Current Tax	**–**	–
– Deferred Tax	**–**	–
(Loss) for the year after Taxation	**(49,809,245)**	(618)
Add: Other Comprehensive Income	**30,145**	–
Total comprehensive income for the period	**(49,779,100)**	(618)
Balance of (loss) brought forward from previous year	**(1,55,825)**	(1,55,207)
Balance of (loss) carried forward	**(49,934,925)**	(1,55,825)

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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.

2. Operations

Your company was incorporated in April 2016 with a vision to drive higher transparency and convenience in the car servicing industry. Under brand "Carworkz" your company has launched a unique car service aggregation platform which is available through website (www.carworkz.com), mobile site and mobile apps. Carworkz enable the car owners to find good workshops nearby and conveniently book their car service appointment at a click of a button.

Your company is currently operational in Mumbai, Thane and Navi Mumbai area. Leveraging technology and our domain expertise, your company has successfully on boarded more than 1200 workshops on its aggregation platform. Your company has provided a unique app to the workshop partners to manage their digital footprint and act swiftly on the customer queries and requests.

Carworkz has received an encouraging response from the users and in short span the platform has witnessed around 3 lacs online visitors and more than 20,000 app installs.

3. Dividend

In view of losses, your Directors do not recommend dividend for the year under review.

4. Outlook for the Current Year

The Company's strategic focus area in Financial Year 2017–18 will be: –

a) Strengthen the service aggregation product to produce great user experience

b) Build and deploy IT solutions to enable workshop partners to manage their business better and enhance their customer experience

c) Leverage parent company expertise in Spare parts and provide quality spares to the workshop partners

5. Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 2,50,000. The paid-up share capital of your Company stood at Rs. 1,40,860 divided into 10,000 equity shares of Rs. 10 each and 4,086 Optionally Convertible Redeemable Preference Shares (OCRPs) of Rs. 10 each.

Subsequently, your Company further allotted 4,399 OCRPs of Rs. 10 each on 18th April, 2017. As a result, the paid-up share capital of your Company increased to Rs. 1,84,850 divided into 10,000 equity shares of Rs. 10 each and 8,485 OCRPs of Rs. 10 each.

6. 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	Executive	Non Independent

* Resigned as a Director w.e.f. 27th July, 2016.

** Appointed on 12th May, 2016 as Additional Directors.

*** Appointed as Additional Director on 12th May, 2016 and as a Whole Time Director designated as Chief Executive Officer w.e.f 1st September 2016.

Mr. YVS Vijay Kumar (DIN: 03588223), Director of the Company, retires by rotation at the forthcoming Annual General Meeting (AGM) and offers himself for re–appointment.

7. Number of the Meetings

Board Meetings

Your Board of Directors met five times during the year under review on 12th May, 2016, 30th August, 2016, 17th November, 2016, 16th December, 2016 and 24th March, 2017. 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
1	Mr. Narayan Shankar*	1
2	Mr. Roshan Gandhi*	1
3	Mr. YVS Vijay Kumar**	4
4	Mr. Jaspreet Bindra**	1
5	Mr. Tarun Gupta**	4

* Resigned as a Director w.e.f. 27th July, 2016.

** Appointed on 12th May, 2016 as Additional Directors.

General Meeting

The 7th Annual General Meeting of the Company was held on 30th August, 2016. Two Extra Ordinary General Meetings of the shareholders of the Company were also held on 21st November, 2016 and 19th December, 2016 respectively.

8) 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:

(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 31st March, 2017 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.

9) 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.

10) 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.

11) Disclosure under the Sexual Harassment of Women at Work Place (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.

12) 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.

13) Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 5th Annual General Meeting held on 30th September, 2014 from its conclusion till the conclusion of 10th 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 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.

14) 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.

15) 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.

16) 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.

17) 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 applicable to the parent Company, Mahindra and Mahindra Limited.

18) 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. There are no transactions which are required to be disclosed in Form AOC – 2.

19) 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, 2017 is attached herewith as Annexure II and forms part of this report.

20) 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.

21) 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).

22) 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

YVS Vijay Kumar
Director

Tarun Gupta
Whole Time Director

Mumbai,
26th April, 2017

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 31ST MARCH, 2017

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: **Not applicable**

(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:

(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)***

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**0.16**	NIL

For and on behalf of the Board

YVS Vijay Kumar
Director

Tarun Gupta
Whole Time Director

Mumbai,
26th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT–9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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**	U29253MH2009PTC196365
2.	**Registration Date**	9th October, 2009
3.	**Name of the Company**	Auto Digitech Private Limited (Formerly known as Mahindra Punjab Tractors Private Limited)
4.	**Category/Sub-Category of the Company**	Company limited by shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018 Tel: 022–24916683
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	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.	Income from rendering services	45200	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 First Choice Services Limited* Address: Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018	U35999MH2008PLC180385	Holding Company	100	2(46)

* The Company has become a wholly-owned subsidiary of Mahindra First Choice Services Limited with effect from 29th 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	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.(s)	–	–	–	–	–	–	–	–	–
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

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	
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total - (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	10,000	10,000	100	–	10,000	10,000	100	Nil
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total - (B) (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**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	–	–	–	100
2	Mr. Narayan Shankar (Nominee of Mahindra Holdings Limited)	1	0	0	0	0	0	0
3	Mahindra First Choice Services Limited	–	–	–	9,999	100	0	100
4	Mr. YVS Vijay Kumar (Nominee of Mahindra First Choice Services Limited)	–	–	–	1	0	0	0
	Total	**10,000**	**100**	**0**	**10,000**	**100**	**0**	**0**

iii. Change in Promoters' Shareholding:

Sl. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	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 Holdings Limited**					
	At the beginning of the year	9,999	100	–	–	–
	Decrease – Transfer of shares – 29th April, 2016	–	–	9,999	0	0
	At the End of the year	–	–	–	0	0
2.	**Mr. Narayan Shankar (Nominee of Mahindra Holdings Limited)**					
	At the beginning of the year	1	0	–	–	–
	Decrease – Transfer of shares – 29th April, 2016	–	–	1	0	0
	At the End of the year	–	–	–	0	0
3.	**Mahindra First Choice Services Limited**					
	At the beginning of the year	0	0	–	–	–
	Increase – Transfer of shares – 29th April, 2016	–	–	9,999	9,999	100
	At the End of the year	–	–	–	9,999	100

Sl. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company		No. of Shares	% of total Shares of the company
4.	**Mr. YVS Vijay Kumar (Nominee of Mahindra First Choice Services Limited)**					
	At the beginning of the year	0	0	–	–	–
	Increase – Transfer of shares – 29th April, 2016	–	–	1	1	0
	At the End of the year	–	–	–	1	0

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.	–	–	–	–	–
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		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
–	–	–	–	–	–

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
Indebtedness at the beginning of the financial year 01.04.2016				
1) Principal Amount	–	50,000	–	50,000
2) Interest due but not paid	–	4,586	–	4,586
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	54,586	–	54,586
Change in indebtedness during the financial year	–	–	–	–
+ Addition	–	3,773	–	3,773
– Reduction	–	(58,359)	–	(58,359)
Net change	–	(54,586)	–	(54,586)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year 31.03.2017	–	–	–	–
1) Principal Amount	–	NIL	–	NIL
2) Interest due but not paid	–	NIL	–	NIL
3) Interest accrued but not due	–	NIL	–	NIL
Total of (1+2+3)	**–**	**NIL**	**–**	**NIL**

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. Tarun Gupta, Whole Time Director (designated as a CEO)		
1.	Gross Salary	30.01	–	30.01
	(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 u/s 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	–	–	–
	Performance Bonus	–	–	–
	Total (A)	30.01	–	30.01
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration of other directors:

I. Independent Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non–Executive Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–

					(Rs. In Lakhs)	
Particulars of Remuneration	**Name of Directors**					**Total Amount**
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–
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

Sr. No	**Particulars of Remuneration**	**Name of the KMP**		**Total Amount (In Rs.)**
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contains in section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) P(c) Profits in lieu of salary u/s 17 (3) of 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	–	–	–
	Performance Bonus	–	–	–
	Others	–	–	–
	Total (C)	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

For and on behalf of the Board

YVS Vijay Kumar — Director
Tarun Gupta — Whole Time Director

Mumbai,
26th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUTO DIGITECH PRIVATE LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Auto Digitech Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements")

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid Ind AS 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, 2017 taken on record

by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. According to the information and explanations given to us and as indicated in notes to the Ind AS financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: April 26, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on the Ind AS financial statements of Auto Digitech Private Limited for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (i) 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.
   (ii) Company has no immovable properties.
2. The Company is in the business of providing services through internet 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 para 3(iii) of the Order are not applicable to the Company.
4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investments made by the Company.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits to which directives of the Reserve Bank of India or the provisions of Sections 73-76 of the Act apply. According to the information and explanations given to us and to the best of our knowledge and belief, no order has been passed by the Company Law Board or the National Company Law Tribunal or the RBI or any other court or tribunal which is to be complied with by the Company.
6. In our opinion and according to information and explanation given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the provisions of para 3(vi) of the Order are not applicable to 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. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2017 for a period of more than six months from the date they became payable.
   (b) According to the information and explanations given to us, there are no amounts of the nature referred to clause 7(a) which have been deposited with the authority on account of any dispute.
8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. The Company has not raised any money via debentures.
9. The Company has not raised any moneys by way of initial public offer or further public offer during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company. According to the information and explanations given to us and to the best of our knowledge and belief, the money raised by way of term loans have been applied for the purposes for which these were 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 practices in India, and according to the information and explanations given to us, we have neither come across any instance of material 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 any such case by the Management.
11. The Company has not 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. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of Section 177 and 188 of the Act.
14. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year and 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 and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.
16. According to the information and explanations given to us 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 No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: April 26, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF AUTO DIGITECH 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 ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for 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, 2017, 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

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: April 26, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
A **ASSETS**				
1 **Non-current assets**				
(a) Property, Plant and Equipment	4	**1,058,720**	–	–
(b) Other Intangible assets	5	**29,846,407**	–	–
(c) Financial Assets		**–**	–	–
(i) Trade receivables	6	**–**	–	–
(ii) Other financial assets	7	**–**	–	–
(d) Other non-current assets	8	**5,729,735**	–	–
Total Non-Current Assets		**36,634,862**	–	–
2 **Current assets**				
(a) Financial Assets				
(i) Trade receivables	6	**3,550**	–	–
(ii) Cash and cash equivalents	9	**2,050,592**	38,516	73,348
(iii) Bank balances other than (ii) above	9	**–**	–	–
(iv) Other financial assets	7	**38,400**	–	–
(b) Other current assets	8	**58,681**	–	–
Total Current Assets		**2,151,223**	38,516	73,348
Total Assets (1+2)		**38,786,085**	38,516	73,348
B **EQUITY AND LIABILITIES**				
1 **Equity**				
(a) Equity Share capital	10	**100,000**	100,000	100,000
(b) Other Equity	11	**2,648,281**	(155,825)	(155,207)
Equity attributable to owners of the Company		**2,748,281**	(55,825)	(55,207)
Total equity		**2,748,281**	(55,825)	(55,207)
Liabilities				
2 **Non-current liabilities**				
(a) Financial Liabilities				
(i) Borrowings	12	**–**	–	–
(ii) Trade payables	13	**–**	–	–
(iii) Other financial liabilities	14	**12,425,054**	–	–
(b) Provisions	15	**1,132,330**	–	–
(c) Other non-current liabilities	16	**–**	–	–
Total Non-Current Liabilities		**13,557,384**	–	–
3 **Current liabilities**				
(a) Financial Liabilities				
(i) Borrowings	12	**–**	54,586	50,074
(ii) Trade payables	13	**19,260,448**	39,755	78,481
(b) Provisions	15	**134,989**	–	–
(c) Other current liabilities	16	**3,084,983**	–	–
Total Current Liabilities		**22,480,420**	94,341	128,555
Total Equity and Liabilities (1+2+3)		**38,786,085**	38,516	73,348

See accompanying notes to the financial statements

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Place: Mumbai
Date: 26th April, 2017

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 26th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I Revenue from operations	**17**	**82,181**	–
II Other Income	**18**	**519**	43,649
III Total Revenue (I + II)		**82,700**	43,649
IV EXPENSES			
(a) Employee benefit expense	**19**	**3,426,205**	–
(b) Depreciation and amortisation expense	**4,5**	**863,072**	–
(c) Other expenses	**20**	**45,602,668**	44,267
Total Expenses (IV)		**49,891,945**	44,267
V Loss before tax (III - IV)		**(49,809,245)**	(618)
VI Tax Expense		**–**	–
VII Loss after tax (V - VI)		**(49,809,245)**	(618)
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss :			
– Remeasurements of the defined benefit liabilities/(assets)		**30,145**	–
IX Total Other comprehensive income for the period		**30,145**	–
X Total comprehensive income for the period		**(49,779,100)**	(618)
XI Earnings per equity share :			
Basic & Diluted	**21**	**(4,980.92)**	(0.06)

See accompanying notes to the financial statements

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Place: Mumbai
Date: 26th April, 2017

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 26th April, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Particulars		Year ended 31st March, 2017		Year ended 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Loss before tax			**(49,809,245)**	(618)
Adjustments for:				
Depreciation and amortisation expense		**863,072**		–
Interest Expense		**3,773**		4,512
			866,845	4,512
Operating loss before working capital changes			**(48,942,400)**	3,894
(Increase) in other non current assets		**(5,729,735)**		–
(Increase) in trade receivables		**(3,550)**		–
(Increase) in other current assets		**(58,681)**		–
(Increase) in other financial assets		**(38,400)**		–
Increase/(Decrease) in trade payables		**19,220,693**		(38,726)
Increase in other current liabilities and provisions		**3,219,972**		–
Increase in other non current liabilities and provisions		**13,587,529**		–
			30,197,828	(38,726)
Cash used in operations			**(18,744,572)**	(34,832)
Income tax paid			**–**	–
NET CASH USED IN OPERATING ACTIVITIES	**(A)**		**(18,744,572)**	(34,832)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets			**(31,768,199)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(B)**		**(31,768,199)**	–
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issue of preference shares		**52,583,206**		–
Borrowings repaid during the year		**(58,359)**	**52,524,847**	–
NET CASH FROM FINANCING ACTIVITIES	**(C)**		**52,524,847**	–
D. Net Increase/(Decrease) in cash and cash equivalents	**(A+B+C)**		**2,012,076**	(34,832)
Cash and cash equivalents at the beginning of the year			**38,516**	73,348
Cash and cash equivalents at the end of the year			**2,050,592**	38,516
Net Increase/(Decrease) as disclosed above			**2,012,076**	(34,832)

See accompanying notes to the financial statements

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Place: Mumbai
Date: 26th April, 2017

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 26th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2017

All Amounts are in INR unless otherwise stated

a. Equity Share Capital

	Amount
As at 01st April 2015	100,000
Changes in equity share capital during the year	–
As at 31st March 2016	100,000
Changes in equity share capital during the year	–
As at 31st March 2017	**100,000**

b. Other Equity

Particulars	**Reserves & Surplus**	Equity component of compound financial instruments	**Items of other comprehensive income**	**Total**
	Retained earnings		Remeasurements of the defined benefit liabilities/ (assets)	
Balance as at April 1, 2015	(155,207)	–	–	(155,207)
Loss for the year	(618)	–	–	(618)
Total Comprehensive Income	(618)	–	–	(618)
Balance as at March 31, 2016	(155,825)	–	–	(155,825)
Loss for the year	**(49,809,245)**	**–**	**–**	**(49,809,245)**
0.01% Optionally Convertible Redeemable Preference Shares	**–**	**52,583,206**	**–**	**52,583,206**
Other Comprehensive Income	**–**	**–**	**30,145**	**30,145**
Total Comprehensive Income	**(49,809,245)**	**52,583,206**	**30,145**	**2,804,106**
Balance as at March 31, 2017	**(49,965,070)**	**52,583,206**	**30,145**	**2,648,281**

See accompanying notes to the financial statements

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Place: Mumbai
Date: 26th April, 2017

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No : 03588223

Tarun Gupta
Whole Time Director
DIN No : 07479804

V.Rajan
Chief Financial Officer

Place: Mumbai
Date: 26th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

All Amounts are in INR unless otherwise stated

Significant Accounting Policies

1) 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 (Mahindra Holdings Ltd 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.

Carworkz is an internet based platform (portal) which will connect millions of car owners with thousands of car service workshops. The portal will be one of a kind in industry 'Diagnostic Tool & Service Cost Estimator'.

2) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. The date of transition to Ind AS is 1 April 2015. Refer Note 3 for the details of first-time adoption exemptions availed by the Company.

a) **Basis of accounting and preparation of financial statements:**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

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 Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

b) **Use of Estimates:**

The preparation of the financial statements in conformity with IND AS 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) **Property, plant and equipment:**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Depreciation on 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.:

Sr. No	Category of assets	Life
(i)	Plant and Machinery	
	– Machinery	10 Years
	– Electrical equipments and tools	06 Years
	– Mobile handsets	02 Years
	– Barcode system & equipment	05 Years
(ii)	Furniture and fittings - movable in nature	06 Years
(iii)	Vehicles	06 Years and 8 months

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

d) **Intangible assets:**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from 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, are recognised in profit or loss when the asset is derecognised.

Electronic data processing software are amortised over a period of three years on Straight line Method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

All Amounts are in INR unless otherwise stated

e) **Inventories:**

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost is arrived at on weighted average basis.

f) **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.

Sale of Goods:

Revenue from sale of goods is recognised when goods are dispatched and all significant risks and rewards of ownership of the goods are transferred to the customers. Sales are stated net of taxes on sales, sales returns and applicable trade discounts.

Income from Services:

Income from services is recognised when services are rendered and related costs are incurred.

g) **Dividend and interest income:**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

h) **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.

1. **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 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.

2. **Long Term Benefits**

a. **Defined Contribution Plan**

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme 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.

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 makes monthly contribution at a specified percentage of the 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. The Company's contribution to Defined Contribution Plans is charged to the Statement of Profit and Loss as incurred.

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 . 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 contribution to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

b. **Defined Benefit Plan**

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 other comprehensive income 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.

i. **Gratuity**

The Company has an 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 has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

ii. **Compensated absences**

The Company provides for 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.

i) **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. The Companies current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

All Amounts are in INR unless otherwise stated

temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. 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 liabilities and assets 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

j) **Impairment of tangible and intangible assets other than goodwill:**

The carrying amounts of tangible and intangible 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 amounts of assets exceed their recoverable 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. 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.

k) **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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

l) **Leases:**

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 (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.

n) **Employee Share Based Payments:**

The Company has constituted an Employee Stock Option Plan by way of Stock Appreciation Rights. Employee Stock Options granted on or after 1st April, 2005 are accounted under the 'Fair Value Method'. For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

o) **Financial Instruments**

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

p) **Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised 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. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

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- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

q) **Financial Liabilities and Equity Instruments**

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3) First time adoption - mandatory exceptions and optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

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Note No. 4 - Property, plant and equipment

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Carrying amount of :			
Furniture & Fixtures	**926**	–	–
Computers	**1,057,794**	–	–
	1,058,720	–	–

Description of Assets	Furniture and fixtures	Computers	Total
I. Gross Block			
Balance as at 1 April, 2015	–	–	–
Additions	–	–	–
Disposals	–	–	–
Balance as at 31 March, 2016	–	–	–
Additions	926	1,068,111	1,069,037
Disposals	–	–	–
Balance as at 31 March, 2017	**926**	**1,068,111**	**1,069,037**
II. Accumulated depreciation and impairment			
Balance as at 1 April, 2015	–	–	–
Depreciation/amortisation expense for the year	–	–	–
Eliminated on disposal of assets	–	–	–
Balance as at 31 March, 2016	–	–	–
Depreciation/amortisation expense for the year	–	10,317	10,317
Eliminated on disposal of assets	–	–	–
Balance as at 31 March, 2017	**–**	**10,317**	**10,317**
III. Net block			
Balance as at 1 April, 2015	–	–	–
Additions	–	–	–
Disposals	–	–	–
Balance as at 31 March, 2016	–	–	–
Additions	926	1,057,794	1,058,720
Disposals	–	–	–
Balance as at 31 March, 2017	**926**	**1,057,794**	**1,058,720**

Note No. 5 - Other Intangible Assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Carrying amount of :			
Computer Software	**29,846,407**	–	–
	29,846,407	–	–

Description of Assets	Computer Software	Total
I. Gross Block		
Balance as at 1 April, 2015	–	–
Additions from separate acquisitions	–	–
Disposals	–	–
Balance as at 31 March, 2016	–	–
Additions from separate acquisitions	30,699,162	30,699,162
Disposals	–	–
Balance as at 31 March, 2017	**30,699,162**	**30,699,162**

Description of Assets	Computer Software	Total
II. Accumulated amortisation and impairment		
Balance as at 1 April, 2015	–	–
Amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2016	–	–
Amortisation expense for the year	852,755	852,755
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2017	**852,755**	**852,755**
III. Net block		
Balance as at 1 April, 2015	–	–
Additions from separate acquisitions	–	–
Disposals	–	–
Balance as at 31 March, 2016	–	–
Additions from separate acquisitions	29,846,407	29,846,407
Disposals	–	–
Balance as at 31 March, 2017	**29,846,407**	**29,846,407**

Note No. 6 - Trade receivables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current	**–**	–	–
Current			
Trade receivables			
(a) Secured, considered good	**–**	–	–
(b) Unsecured, considered good	**3,550**	–	–
(c) Doubtful	**–**	–	–
Less: Allowance for Credit Losses	**–**	–	–
	3,550	–	–
TOTAL	**3,550**	–	–

Note No. 7 - Other financial assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current	**–**	–	–
Current			
Unbilled revenue	**38,400**	–	–
	38,400	–	–
TOTAL	**38,400**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

All Amounts are in INR unless otherwise stated

Note No. 8 - Other assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
Advances other than capital advances			
– Balances with government authorities (other than income taxes)			
(a) VAT credit receivable	**–**	–	–
(b) Service tax credit receivable.....	**5,729,735**	–	–
	5,729,735	–	–
Current			
Advances other than capital advances			
(i) Advances to others	**20,762**	–	–
(ii) Advances to employees.....	**37,919**	–	–
	58,681	–	–
TOTAL.....	**5,788,416**	–	–

Note No. 9 - Cash and Bank Balances

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Cash and cash equivalents			
(a) Balances with banks			
– in current accounts	**2,050,592**	38,516	73,348
– in deposit account (Less than 3 months maturity)..	**–**	–	–
(b) Cash on hand.....	**–**	–	–
Total Cash and cash equivalent	**2,050,592**	38,516	73,348
Other Bank Balances			
Balances with Banks:			
– Fixed Deposits with maturity greater than 3 months.....	**–**	–	–
Total Other Bank balances	**–**	–	–

Note No. 10 - Equity Share Capital

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of Rs 10/- each.....	**13,000**	**130,000**	10,000	100,000	10,000	100,000
	13,000	**130,000**	10,000	100,000	10,000	100,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs 10/- each.....	**10,000**	**100,000**	10,000	100,000	10,000	100,000
	10,000	**100,000**	10,000	100,000	10,000	100,000
Total	**10,000**	**100,000**	10,000	100,000	10,000	100,000

Note No. 10.1 - Equity Share Capital (contd...)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights			
Year Ended March 31, 2017			
No. of Shares	**10,000**	**–**	**10,000**
Amount	**100,000**	**–**	**100,000**
Year Ended March 31, 2016			
No. of Shares	10,000	–	10,000
Amount	100,000	–	100,000
Year Ended April 1, 2015			
No. of Shares	10,000	–	10,000
Amount	100,000	–	100,000

As on 31st March 2017 - Entire equity shares are held by Mahindra First Choice Services Limited, the holding company.

As on 31st March 2016 & 01st April 2015 - Entire equity shares were held by Mahindra Holdings Limited, the holding company

Note No. 11 - Other Equity

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Equity component of compound financial instruments	**52,583,206**	–
b) Retained Earnings.....	**(49,934,925)**	(155,825)
Balance at the end of year.....	**2,648,281**	(155,825)

a) Equity component of compound financial instruments

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Balance as at the beginning of the year	**–**	–
0.01% Optionally Convertible Redeemable Preference Shares	**52,583,206**	–
Balance at the end of year.....	**52,583,206**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All Amounts are in INR unless otherwise stated

b) Retained earnings

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Balance as at the beginning of the year	**(155,825)**	(155,207)
Loss attributable to owners of the Company	**(49,809,245)**	(618)
Other Comprehensive income arising from remeasurement of defined benefit obligation	**30,145**	–
Balance at the end of year	**(49,934,925)**	(155,825)

Note No. 12 - Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Unsecured Borrowings			
Loan from related parties	**–**	54,586	50,074
Total	**–**	54,586	50,074

Note No. 13 - Trade Payables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current	**–**	–	-
Current			
Trade payable - Micro and small enterprises	**–**	–	–
Trade payable - Other than micro and small enterprises	**19,260,448**	39,755	78,481
	19,260,448	39,755	78,481
Total	**19,260,448**	39,755	78,481

Note No. 14 - Other Financial Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
0.01% Optionally Convertible Redeemable Preference Shares - Liability Component	**12,425,054**	–	–
Total other financial liabilities	**12,425,054**	–	–

Note No. 15 - Provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
(a) Provision for employee benefits			
Long-term employee benefits	**850,598**	–	–
(b) Other provisions			
Provision for gratuity	**281,732**	–	–
	1,132,330	–	–
Current			
(a) Provision for employee benefits			
Long-term employee benefits	**134,641**	–	–
(b) Other provisions			
Provision for gratuity	**348**	–	–
	134,989	–	–
Total Provisions	**1,267,319**	–	–

Note No. 16 - Other Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current	**–**	–	–
Current			
Statutory dues			
– taxes payable (other than income taxes)	**2,630,140**	–	–
– Employee Recoveries and Employer Contributions	**454,843**	–	–
	3,084,983	–	–
Total Other Liabilities	**3,084,983**	–	–

Note No. 17 - Revenue from Operations

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from rendering of services	**82,181**	–
Total Revenue from Operations	**82,181**	–

Note No. 18 - Other Income

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Interest on loan to employees	**519**	–
(b) Miscellaneous income	**–**	43,649
Total Other Income	**519**	43,649

Note No. 19 - Employee Benefits Expense

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Salaries and wages, including bonus	**3,111,637**	–
(b) Contribution to provident and other funds	**294,470**	–
(c) Staff welfare expenses	**20,098**	–
Total Employee Benefit Expense	**3,426,205**	–

Note No. 20 - Other Expenses

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Lease rent	**2,618,519**	–
Hire and service charges	**450,039**	–
Repairs and maintenance to others	**6,380**	–
Interest on loan	**3,773**	4,512
Rates & Taxes	**8,449**	–
IT support costs	**871,161**	–
Books, periodicals and subscription fees	**44,800**	–
Recruitment and related expenses	**200,462**	–
Communication expenses	**357,447**	–
Travelling and conveyance	**291,173**	–
Printing and stationary	**8,925**	–
Marketing, promotional and related expenses	**3,138,317**	–
Legal and professional charges	**22,899,551**	28,305
Audit Fees	**100,000**	11,450
Deputation charges	**14,541,099**	–
Training expenses	**62,516**	–
Miscellaneous expenses	**57**	–
Total Other Expenses	**45,602,668**	44,267

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All Amounts are in INR unless otherwise stated

Note No. 21 - Earnings per share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the company	**(49,809,245)**	(618)
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(49,809,245)**	(618)
Weighted average number of equity shares	**10,000**	10,000
Earnings per share - Basic & Diluted	**(4,980.92)**	(0.06)

Note No. 22 - Financial Instruments

Capital Management

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 as presented on the face of the statement of financial position.

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Equity	**2,748,281**	(55,825)	(55,207)
	2,748,281	(55,825)	(55,207)

Categories of Financial Instruments

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Financial Assets			
Measured at amortised cost			
Non Current	**–**	–	–
Current			
Trade receivables	**3,550**	–	–
Cash & Bank Balances	**2,050,592**	38,516	73,348
Other Financial Assets	**38,400**	–	–
Financial Liabilities			
Measured at amortised cost			
Non Current	**12,425,054**	–	–
Current			
Borrowings	**–**	54,586	50,074
Trade payables	**19,260,448**	39,755	78,481

Financial Risk Management Framework

The Company's activities expose it to liquidity 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.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

(ii) Maturity of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-17				
Other financial liabilities	**–**	**–**	**–**	**12,425,054**
Borrowings	**–**	**–**	**–**	**–**
Trade payables	**19,260,448**	**–**	**–**	**–**
Total	**19,260,448**	**–**	**–**	**12,425,054**
31-Mar-16				
Borrowings	54,586	–	–	–
Trade payables	39,755	–	–	–
Total	94,341	–	–	–
1-Apr-15				
Borrowings	50,074	–	–	–
Trade payables	78,481	–	–	–
Total	128,555	–	–	–

(iii) Maturity of financial assets

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets.

	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-17				
Other financial assets	**38,400**	**–**	**–**	**–**
Trade receivables	**3,550**	**–**	**–**	**–**
Total	**41,950**	**–**	**–**	**–**
31-Mar-16				
Other financial assets	–	–	–	–
Trade receivables	–	–	–	–
Total	–	–	–	–
1-Apr-15				
Other financial assets	–	–	–	–
Trade receivables	–	–	–	–
Total	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All Amounts are in INR unless otherwise stated

Note No. 23 - Related Party Transactions

Name of the parent Company Mahindra First Choice Services Limited

Details of transaction between the Company and its related parties are disclosed below:

i) List of Related Parties with whom transacted during the year and Relationships:

Name of The Related Party	Relation
Mahindra First Choice Services Limited	Holding Company
Mahindra Holdings Limited	Intermediate Holding Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mr. Tarun Gupta (Whole Time Director)	Key Managerial Personnel

Related party transactions with holding/fellow subsidiaries are as under:

		Amount
a.	**Equity contribution to the Company:**	
–	Mahindra First Choice Services Limited	100,000
		–
–	Mahindra Holdings Limited	65,008,260
		(100,000)
b.	**Purchase of Property Plant and Equipment/Other Intangibles:**	
–	Mahindra First Choice Services Limited	31,768,199
		–
c.	**Expenses:**	
–	Mahindra First Choice Services Limited	
	Shared common expenses	32,283,387
		–
–	Mahindra Holdings Limited	
	Interest on loan	3,773
		(4,512)
–	Mahindra Integrated Business Solutions Private Limited	
	Professional Charges	10,000
		–
d.	**Outstanding :**	
	Trade Payables	
–	Mahindra Integrated Business Solutions Private Limited	10,500
		–
–	Mahindra First Choice Services Limited	12,777,109
		–

Notes : Figures in brackets are the corresponding figures in respect of the previous year.

ii) The related party transactions with key management personnel are as under :

With Key Management personnel Mr. Tarun Gupta Rs. 3,001,313 (Previous year - N.A.), paid to Mahindra First Choice Services Limited as Deputation charges.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions

Note No. 24 - Employee benefits

(a) Defined Contribution Plan:

Company's Contribution to provident and other funds Rs 222,551 (Previous year Rs NIL) has been recognised in the Statement of Profit and Loss under Employee benefits expense.

(b) Defined Benefit Plan:

Gratuity:

The Company has an 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. Actuarial gains and losses are recognised in Other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Compensated absences

The Company provides for 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.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31st March, 2017	31st March, 2016	01st April, 2015
Discount rate(s)	**7.3%**	0.0%	0.0%
Expected rate(s) of salary increase.....	**8.0%**	0.0%	0.0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All Amounts are in INR unless otherwise stated

Defined benefit plans – as per actuarial valuation

Particulars	Gratuity (Funded Plan) Year ended 31st March, 2017	Year ended 31st March, 2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service cost		
Current service cost	**67,564**	–
Net interest expense	**4,356**	–
Components of defined benefit costs recognised in profit or loss	**71,920**	–
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**–**	–
Actuarial gains and loss arising from changes in financial assumptions	**–**	–
Actuarial gains and loss arising from experience adjustments	**(30,145)**	–
Components of defined benefit costs recognised in other comprehensive income	**(30,145)**	–
Total	**41,775**	–
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**282,080**	–
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(282,080)**	–
4. Current portion of the above	**(348)**	–
5. Non current portion of the above	**(281,732)**	–
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**–**	–
2. Add/(Less) on account of scheme of arrangement/ business transfer	**–**	–
3. Expenses recognised in profit and loss account		
– Current service cost	**67,564**	–
– Interest expense (Income)	**4,356**	–
4. Recognised in other comprehensive income		
Remeasurement gains/(losses)		
– Actuarial gain (loss) arising from:		
i. Demographic assumptions	**–**	–
ii. Financial assumptions	**–**	–
iii. Experience adjustments	**(30,145)**	–
5. Benefit payments	**–**	–
6. Liabilities assumed/(settled)	**240,306**	–
7. Present value of defined benefit obligation at the end of the year	**282,081**	–

Particulars	Gratuity (Funded Plan) Year ended 31st March, 2017	Year ended 31st March, 2016
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**–**	–
2. Add/(Less) on account of scheme of arrangement/ business transfer	**–**	–
3. Expenses recognised in profit and loss account		
– Expected return on plan assets	**–**	–
4. Recognised in other comprehensive income	**–**	–
Remeasurement gains/(losses)		
– Actual return on plan assets in excess of the expected return	**–**	–
– Others (specify)	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**–**	–
6. Benefit payments	**–**	–
7. Fair value of plan assets at the end of the year	**–**	–

		Insured Managed Funds	
IV.	**The major categories of plan assets**		
—	List the plan assets by category here		
V.	**Actuarial assumptions**		
1.	Discount rate	**7.3%**	N.A.
2.	Expected rate of return on plan assets	**7.3%**	N.A.
3.	Attrition rate	**Age** / **Rate**	
		21-30 **5%**	
		31-40 **3%**	N.A.
		41-59 **2%**	

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2017**	**1.0%**	**-18.05%**	**23.02%**
	2016		Not Applicable	Not Applicable
	2015		Not Applicable	Not Applicable
Salary growth rate	**2017**	**1.0%**	**22.60%**	**-18.08%**
	2016		Not Applicable	Not Applicable
	2015		Not Applicable	Not Applicable

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All Amounts are in INR unless otherwise stated

been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2017	2016	2,015
Expected benefits for year 1	**348**	–	–
Expected benefits for year 2	**378**	–	–
Expected benefits for year 3	**414**	–	–
Expected benefits for year 4	**8,835**	–	–
Expected benefits for year 5	**9,497**	–	–
Expected benefits for year 6	**9,341**	–	–
Expected benefits for year 7	**9,829**	–	–
Expected benefits for year 8	**9,319**	–	–
Expected benefits for year 9	**11,042**	–	–
Expected benefits for year 10 and above	**1,450,782**	–	–

Plan Assets

The fair value of Company's pension plan asset by category are as follows:

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 01st April, 2015
Asset category:			
Deposits with Insurance companies	**100%**	100%	100%
	100%	100%	100%

Experience Adjustments :	**Year ended 31st March, 2017**
	Gratuity
1. Defined Benefit Obligation	**282,080**
2. Fair value of plan assets	**–**
3. Surplus/(Deficit)	**(282,080)**
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(30,145)**
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**

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.

Note No. 25 - First time adoption of IND AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March 2016 and 01st April 2015:

Particulars	As at 31st March, 2016	01st April, 2015
Equity as reported under previous GAAP	(55,825)	(55,207)
Ind AS: Adjustments increase (decrease):	–	–
Equity as reported under IND AS	(55,825)	(55,207)

(ii) Reconciliation of Total comprehensive income for the year ended 31st March, 2016

Particulars	Year ended 31st March, 2016
Profit/(Loss) as per previous GAAP	(618)
Ind AS: Adjustments increase (decrease):	
Total adjustment to profit or loss	–
Profit or Loss under Ind AS	(618)
Other comprehensive income	–
Total comprehensive income under Ind AS	(618)

(iii) Material adjustments to the Statement of Cash Flows

	Year ended 31st March, 2016		
Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(34,832)	–	(34,832)
Net cash flows from investing activities	–	–	–
Net cash flows from financing activities	–	–	–
Net increase (decrease) in cash and cash equivalents	(34,832)	–	(34,832)
Cash and cash equivalents at beginning of period	73,348	–	73,348
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	38,516	–	38,516

Note No. 26 - Current tax and Deferred tax

Amounts on which deferred tax asset has not been created:

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 01st April, 2015
Deductible temporary differences (will never expire)	**9,530,251**	–	–
Unused tax losses (revenue in nature)	**47,639,612**	618	–
Total	**57,169,863**	618	–

The unrecognised tax losses carried forward expire as follows:

Expiry Year	**As at 31st March, 2017**	As at 31st March, 2016	As at 01st April, 2015
Financial year 2023-24	**618**	618	–
Financial year 2024-25	**47,638,994**	–	–
Total	**47,639,612**	618	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All Amounts are in INR unless otherwise stated

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows :

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Loss before tax from continuing operations	**(49,809,245)**	(618)
Income tax expense calculated at 30.90%	**(15,391,057)**	(191)
Effect of expenses that is non-deductible in determining taxable profit	**394,604**	–
Effect of unused tax losses for which no deferred tax asset is recognised	**(14,996,453)**	(191)
	(15,391,057)	(191)
Income tax expense recognised in profit or loss	**–**	–

Note No. 27 - Additional Disclosures

(i) Expenditure in foreign currency

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Expenditure in foreign currency on account of :		
Professional and consultation fees	**16,345**	–
	16,345	–

Note No. 28 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

	31/03/2017		31/03/2016		01/04/2015	
Particulars	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Financial assets carried at amortised cost						
Non-current Assets	**–**	**–**	–	–	–	–
Current Assets						
Trade receivables	**3,550**	**3,550**	–	–	–	–
Cash & cash equivalents	**2,050,592**	**2,050,592**	38,516	38,516	73,348	73,348
Other financial assets	**38,400**	**38,400**	–	–	–	–
Financial Liabilities						
Other financial liabilities	**12,425,054**	**12,425,054**	–	–	–	–
Current Liabilities						
Borrowings	**–**	–	54,586	54,586	50,074	50,074
Trade payables	**19,260,448**	**19,260,448**	39,755	39,755	78,481	78,481

	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Current Assets				
Trade receivables	–	3,550	–	3,550
Cash & cash equivalents	–	2,050,592	–	2,050,592
Other financial assets	–	38,400	–	38,400
Financial Liabilities	–	12,425,054	–	12,425,054
Current Liabilities				
Borrowings	–	–	–	–
Trade payables	–	19,260,448	–	19,260,448

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Ninth Report together with the audited financial statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Amount in Rs)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Income	**79,14,66,934**	60,82,50,554
(Loss) before Depreciation, Interest & Tax	**(42,37,76,585)**	(66,55,67,965)
Less: Depreciation	**3,07,25,305**	5,06,38,333
(Loss) before Taxation	**(45,45,01,890)**	(71,62,06,298)
Less: Provision for Taxation for the year	**–**	–
(Loss) after Tax	**(45,45,01,890)**	(71,62,06,298)
Less: Other Comprehensive Income	**(8,97,716)**	(1,39,978)
Total comprehensive income for the period	**(45,53,99,606)**	(71,63,46,276)
(Loss) brought forward from Previous year	**(2,30,58,08,638)**	(1,58,94,62,362)
Balance carried forward to Balance Sheet	**(2,76,12,08,244)**	(2,30,58,08,638)
Net Worth	**(12,12,08,244)**	3,71,91,362

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

Your Company continues to be the leader in multi brand servicing space with significant lead over the closest competitor. Income during the year under review stood at Rs. 79.1 Crores which is more than 30% higher as compared to the previous year.

Your Company's Franchise program, which was launched in 2015 with a strong Franchisee Value Proposition, has issued Letter of Intent ("LOIs") to 234 Franchisees in this year (cumulatively 601) and made 170 Franchisees Operational (cumulatively 272). The Franchise program has been received well by a diverse set of entrepreneurs varying from Original Equipment Manufacturers dealers and independent workshops to partners from non-auto background. Your Company has further strengthened the hub and spoke based spare parts distribution network in financial year 2017 by making 11 more hubs operational (33 cumulatively) which has ensured timely availability of spare parts at all its workshops. Your company also closed down all COCOs (Company Owned Company Operated Outlets) but two in Chennai and Mohali as per plan of growing only through Franchisees. Your company also transferred 6 COCOs to Franchisees which are now being run as Franchisee Owned Franchisee Operated ("FOFOs") outlets.

With overall network crossing 270 workshops your Company witnessed record number of repair orders at its Franchisee Outlets, with over 3 lakhs repair orders in all. Owing to all the support provided by your Company, the franchisee partners have been improving their performance with a healthy growth in revenue and customer footfalls month on month. 24 of your Company's franchisee partners own more than one franchisee outlets proving their confidence in the Franchisee Value Proposition.

With increase in scale and increased brand awareness your Company is now being approached by prospective suppliers, insurance companies, fleet companies, OEMs for authorized servicing of its cars among others to establish a successful alliance as your Company is the only multi-brand Company with such a wide network coverage.

Your company also made inroads in the Private Label spares sales business in bazaar channel through its unique business model M-PRO which has been well received in the market. Your company has now appointed 39 distributors all over India. Your company has over 370 part lines in their offering which is only going to grow with a robust new product development process.

During the year your company improved its CaPS score from +38 last year to +43 this year while maintaining high customer satisfaction levels. Your company also got certified as best place to work organisation during the year and Avatar100 best company for women in India award. Your company also got awarded stage 3 in TMW assessment during the year going up from stage 2 for the previous three years.

DIVIDEND

In view of the losses, your Directors do not recommend dividend for the year under review.

OUTLOOK FOR THE CURRENT YEAR

The Company's strategic focus area in Financial Year 2017-18 will be: –

a) Build and stabilise franchisee network by ensuring smooth pipeline of LOIs, speeding up operationalization of franchisees and control attrition by improving delivery of the promised FVP (Franchisee Value Proposition).

b) Make the spare parts supply chain more effective to increase spare parts sales to Franchisees.

c) Increasing sales and margins for Private Label Business.

d) Innovate in digital space and technology to create value through initiatives like multi brand parts catalogue, Service Estimator, MFC Times training app, Bar Coding system, CRM etc.

e) Improve brand awareness through marketing campaigns and increase footfalls at franchisee workshops by doing lot of business development activities.

f) Form strategic alliances with OE car manufacturers, OE spares manufacturers, insurance companies, fleet companies, finance companies etc to enhance FVP substantially.

Your Company has plans to start 205 more franchisees in financial year 2017-18. It already has a strong head-start with an opening balance 229 Franchisee LOIs which are currently under various stages of construction and will become operational this year. Your Company will also focus on improving margins and profitability and focus on steps to improve customer satisfaction and franchisee satisfaction. With the above plans your Company is set to cross a revenue of 150 crores in the Financial Year 2017-18.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased from Rs. 250 crore divided into 25,00,00,000 Equity Shares of Rs. 10 each to Rs. 264 crore divided into 26,40,00,000 Equity Shares of Rs. 10 each. Further 2,97,00,000 Equity Shares having Face Value of Rs.10 each at par aggregating to Rs. 29.7 crore were allotted on rights basis and consequently, the paid-up share capital of the Company has increased from Rs. 234.3 crore, divided into 23,43,00,000 Equity Shares of Rs. 10 each to Rs. 264 crore divided into 26,40,00,000 Equity Shares of Rs. 10 each.

HOLDING COMPANY

Pursuant to transfer of shares from Mahindra and Mahindra Limited to Mahindra Holdings Limited, your Company now becomes a wholly-owned subsidiary of Mahindra Holdings Limited with effect from 29th December, 2016. Mahindra Holdings Limited is a wholly-owned subsidiary of Mahindra and Mahindra Limited, therefore Mahindra and Mahindra Limited continues to be the Ultimate Holding Company of your Company.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

Auto Digitech Private Limited is a subsidiary of the Company.

A Report on the perfomance and financial position of the Subsidiary Company and its contribution to the overall perfomance of the Company is provided in Form AOC-1 which is attached to the Financial Statements and forms part of this Annual Report.

BOARD COMPOSITION:

Sr. No.	Name of Director & DIN	Designation	Executive/Non Executive	Independent/Non Independent
1.	Mr. Debabrata Bandyopadhyay (DIN: 06972463)	Director	Non Executive	Independent
2.	Ms. Sonu Bhasin (DIN: 02872234)	Director	Non Executive	Independent
3.	Mr. Rajeev Dubey (DIN: 00104817)	Chairman	Non Executive	Non Independent
4.	Mr. K. Chandrasekar (DIN: 01084215)	Director	Non Executive	Non Independent
5.	Mr. Ramesh Iyer (DIN: 00220759)	Director	Non Executive	Non Independent
6.	Mr. Anupam Thareja (DIN: 01091533)	Director	Non Executive	Non Independent
7.	Mr. Ruzbeh Irani (DIN: 01831944)	Director	Non Executive	Non Independent
8.	Dr. Prince Augustin (DIN: 02336637)	Director	Non Executive	Non Independent
9.	Mr. Vivek Nayer (DIN: 03410053)	Director	Non Executive	Non Independent
10.	Mr. YVS VijayKumar (DIN: 03588223)	Whole-Time Director	Executive	Non Independent

Mr. Anupam Thareja and Mr. Ruzbeh Irani, Non-executive Directors of the Company, are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Debabrata Bandyopadhyay and Ms. Sonu Bhasin, 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.

All Directors of your Company have given requisite disclosures pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment as Directors.

MEETINGS

The Board of Directors met seven times during the year under review viz., on 29th April, 2016, 8th June, 2016, 12th July, 2016, 29th July, 2016, 24th October, 2016, 24th January, 2017, 18th February, 2017. 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	Number of Board Meetings Attended
Mr. Debabrata Bandyopadhyay	7
Ms. Sonu Bhasin	6
Mr. Rajeev Dubey	7
Mr. K. Chandrasekar	4
Mr. Ramesh Iyer	3
Mr. Anupam Thareja	5
Mr. Ruzbeh Irani	6
Dr. Prince Augustin	4
Mr. Vivek Nayer	2
Mr. YVS VijayKumar	6

The Annual General Meeting of the Company was held on 29th July, 2016.

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:

(a) in the preparation of the annual accounts, the applicable accounting standards have 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 31st March, 2017 and of the loss 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.

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, performance of the Directors individually and of Independent Directors. 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.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 24th October, 2016 during the year, without the presence of the Chairman or Whole time Director 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.

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.

The 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. Debabrata Bandyopadhyay (Chairman), Ms. Sonu Bhasin (Member) & Mr. Ramesh Iyer (Member).

The Audit Committee met twice during the year under review viz., on 29th April, 2016 and 24th January, 2017.

The attendance at the meeting of Audit Committee was as follows:

Director	Designation	No. of meetings attended
Mr. Debabrata Bandyopadhyay	Chairman	2
Ms. Sonu Bhasin	Member	2
Mr. Ramesh Iyer	Member	0

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Ms. Sonu Bhasin, Chairperson, Mr. Debabrata Bandyopadhyay and Dr. Prince Augustin 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 once during the year under review viz., on 29th April, 2016 which was attended by all the members.

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.

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.

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 Key Managerial Personnel of your Company are Mr. YVS Vijay Kumar (DIN: 03588223) Whole-time Director, Mr. V. Rajan, Chief Financial Officer and Mr. V. S. Ramesh, Company Secretary of the Company.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

Your Board has recommended the appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration Number: 105102W) in place of retiring auditors M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) for a period of 5 years subject to ratification at every 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. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration Number: 105102W), to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint M/s. B. K. Khare & Co. as Statutory Auditors for a period of 5 years to hold office from the conclusion of forthcoming AGM till the conclusion of 14th AGM and fix their remuneration.

The Auditors' Report for the year does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS

Your Board has approved the appointment of M/s. MMJC & Associates LLP, Company Secretaries to conduct secretarial audit for the financial year 2017-18.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Report as Annexure II, a Secretarial Audit Report in prescribed Form MR 3 given by M/s. Makarand M. Joshi & Co.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS

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.

However, the Board and the Audit Committee at their meeting held on 2nd May, 2017 was informed that the Management of the Company noticed misappropriation of funds and inventory by three employees. Major portion of the amount has been recovered and the Management is taking steps to recover the balance amount. The Management is investigating the cases and appropriate action would be taken against these persons.

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 III and forms part of this Report.

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 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.

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.

During the year under review, your Company has 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 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 internal 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 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.

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

Rajeev Dubey
Chairman

Mumbai, 15th May, 2017

ANNEXURE I 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 First Choice Services 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 sprit 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:

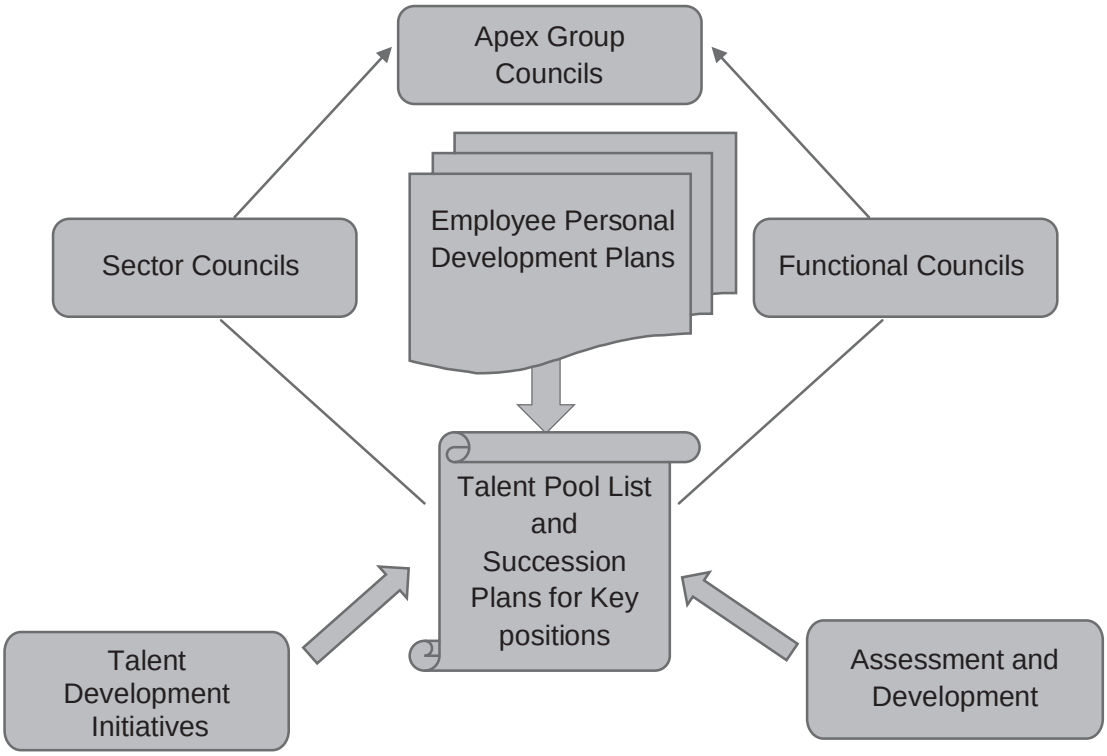
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

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 laddered approach.

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 First Choice Services Ltd.

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.

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 (CEO), Chief Financial Officer (CFO) & Company Secretary (CS) shall be finalised/revised either by any Director or such other person as may be authorized 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.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 15th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra First Choice Services Limited
Mahindra Towers, P.K. Kurne Chowk
Worli, Mumbai – 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra First Choice Services 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 31st March, 2017 ('Audit Period') 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 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under

(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 Overseas Direct Investment, Foreign 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, 1992/2015 **(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)**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 and its amendments notified on 18th September, 2015 **(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)**

(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)**

and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company);**

(vi) As identified, no law is specifically applicable to the company.

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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Not Applicable to the Company).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

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 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 at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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 issued 1,87,00,000 Equity Shares having Face Value of Rs. 10/- each at par aggregating to Rs. 18,70,00,000/- on Right Basis.

For and on behalf of the Board

Kumudini Paranjape
Partner
FCS No. 6667
CP No. 6690

Mumbai, 24th April, 2017

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 First Choice Services Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

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 Makarand M. Joshi & Co.

Kumudini Paranjape
Partner
FCS No. 6667
CP No. 6690

Place: Mumbai
Date: *24th April, 2017*

ANNEXURE III 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: Rs. 3,07,874/- (USD 5000)

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 15th May, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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:-	U35999MH2008PLC180385
ii)	Registration Date	24/03/2008
iii)	Name of the Company	Mahindra First Choice Services 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, Maharashtra. 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	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot No 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032. Tel: 040-67162222 Fax: 040-23001153 Email Id: einward.ris@karvy.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/ service	% to total turnover of the Company
1.	Sale of Motor vehicle parts and accessories	45300	67%
2.	Franchise Income	7740	28%

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 Holdings Limited* Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai 400018	U65993MH2007PLC175649	HOLDING	100	2(46)
2	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	ULTIMATE HOLDING	–	2(46)
3	Auto Digitech Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai 400 018	U29253MH2009PTC196365	SUBSIDIARY	71	2(87)

* *with effect from 29th December, 2016*

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	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	23,43,00,000*	23,43,00,000	100	26,39,99,994	6	26,40,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other…	–	–	–	–	–	–	–	–	–
Sub-total A(1):-	**–**	**23,43,00,000***	**23,43,00,000**	**100**	**26,39,99,994**	**6**	**26,40,00,000**	**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	
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	–	23,43,00,000*	23,43,00,000	100	26,39,99,994	6[$]	26,40,00,000	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	23,43,00,000*	23,43,00,000	100	26,39,99,994	6[$]	26,40,00,000	100	11.25

* Includes 6 shares held by nominees of Mahindra and Mahindra Limited jointly with Mahindra and Mahindra Limited.
[$] 6 shares are held by nominees of Mahindra Holdings Limited jointly with Mahindra Holdings 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 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	23,42,99,994	100%	0	–	–	–	100%
2.	Mahindra Holdings Limited	–	–	–	26,39,99,994	100%	0	100%
3.	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey	1	0.00%	0	–	–	–	0.00%

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% of change in share holding during the year
4.	Mahindra Holdings Limited jointly with Mr. Rajeev Dubey**	–	–	–	1	0.00%	0	0.00%
5.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar	1	0.00%	0	–	–	–	0.00%
6.	Mahindra Holdings Limited jointly with Mr. Narayan Shankar**	–	–	–	1	0.00%	0	0.00%
7.	Mahindra & Mahindra Limited jointly with Mr. S Venkatraman	1	0.00%	0	–	–	–	0.00%
8.	Mahindra Holdings Limited jointly with Mr. S. Durgashankar**	–	–	–	1	0.00%	0	0.00%
9.	Mahindra & Mahindra Limited jointly with Mr. K Chandrasekar	1	0.00%	0	–	–	–	0.00%
10.	Mahindra Holdings Limited jointly with Mr. K Chandrasekar**	–	–	–	1	0.00%	0	0.00%
11.	Mahindra & Mahindra Limited jointly with Mr. Y. V. S. Vijay Kumar	1	0.00%	0	–	–	–	0.00%
12.	Mahindra Holdings Limited jointly with Mr. Y. V. S. Vijay Kumar**	–	–	–	1	0.00%	0	0.00%
13.	Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani	1	0.00%	0	–	–	–	0.00%
14.	Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani**	–	–	–	1	0.00%	0	0.00%
	Total	**23,43,00,000**	**100.00%**	**0**	**26,40,00,000**	**100.00%**	**0**	–

** Jointly held with Mahindra Holdings Limited to comply with the statutory provisions of Companies Act, 2013 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		Increase/ Decrease in No. of shares	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 and Mahindra Limited**					
	At the beginning of the year	23,42,99,994	100%	–	–	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 29th April, 2016.	–	–	1,10,00,000	24,52,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 31st May, 2016.	–	–	17,00,000	24,69,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 30th June, 2016.	–	–	30,00,000	24,99,99,994	–

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 29th July, 2016.	–	–	20,00,000	25,19,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 31st August, 2016.	–	–	25,00,000	25,44,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 30th September, 2016.	–	–	25,00,000	25,69,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 27th October, 2016.	–	–	5,00,000	25,74,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 21st November, 2016.	–	–	5,00,000	25,79,99,994	–
	Increase - Allotment to Mahindra & Mahindra Limited on rights basis on 22nd December, 2016.	–	–	10,00,000	25,89,99,994	–
	Decrease - Transfer of shares to Mahindra Holdings Limited on 29th December, 2016	–	–	25,89,99,994	0	–
	At the end of the year	–	–	0	0	–
2.	**Mahindra and Mahindra Limited jointly with Mr. Rajeev Dubey**					
	At the beginning of the year	1	0	–	–	–
	Decrease - Transfer of share to Mahindra Holdings Limited jointly with Mr. Rajeev Dubey on 29th December, 2016			1	–	–
	At the End of the year	–	–	–	1	0
3.	**Mahindra and Mahindra Limited jointly with Mr. Narayan Shankar**					
	At the beginning of the year	1	0	–	–	–
	Decrease - Transfer of share to Mahindra Holdings Limited jointly with Mr. Narayan Shankar on 29th December, 2016			1		
	At the End of the year	–	–	–	–	–
4.	**Mahindra Holdings Limited jointly with Mr. Narayan Shankar**					
	At the beginning of the year	–	–	–	–	–
	Increase - Transfer of share from Mahindra and Mahindra Limited jointly with Mr. Narayan Shankar on 29th December, 2016			1		
	At the End of the year	–	–	–	1	0
5.	**Mahindra and Mahindra Limited jointly with Mr. S. Venkatraman**					
	At the beginning of the year	1	0	–	–	–
	Decrease - Transfer of share to Mahindra Holdings Limited jointly with Mr. S. Durgashankar on 29th December, 2016			1		
	At the End of the year	–	–	–	–	–

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
6.	**Mahindra Holdings Limited jointly with Mr. S. Durgashankar**					
	At the beginning of the year	–	–	–	–	–
	Increase - Transfer of share from Mahindra and Mahindra Limited jointly with Mr. S. Venkatraman on 29th December, 2016	–	–	1	–	–
	At the End of the year	–	–	–	1	0
7.	**Mahindra and Mahindra Limited jointly with Mr. K. Chandrasekar**					
	At the beginning of the year	**1**	**0**	–	–	–
	Decrease - Transfer of share to Mahindra Holdings Limited jointly with Mr. K. Chandrasekar on 29th December, 2016			1	–	–
	At the End of the year	–	–	–	–	–
8.	**Mahindra Holdings Limited jointly with Mr. K. Chandrasekar**					
	At the beginning of the year	–	–	–	–	–
	Increase - Transfer of share from Mahindra and Mahindra Limited jointly with Mr. K. Chandrasekar on 29th December, 2016	–	–	1	–	–
	At the End of the year	–	–	–	1	0
9.	**Mahindra and Mahindra Limited jointly with Mr. YVS Vijaykumar**					
	At the beginning of the year	1	0	–	–	–
	Decrease - Transfer of share to Mahindra Holdings Limited jointly with Mr. YVS Vijaykumar on 29th December, 2016	–	–	1	–	–
	At the End of the year	–	–	–	–	–
10.	**Mahindra Holdings Limited jointly with Mr. YVS Vijaykumar**					
	At the beginning of the year	–	–	–	–	–
	Increase - Transfer of share from Mahindra and Mahindra Limited jointly with Mr. YVS Vijaykumar on 29th December, 2016	–	–	1	–	–
	At the End of the year	–	–	–	1	0
11.	**Mahindra and Mahindra Limited jointly with Mr. Ruzbeh Irani**					
	At the beginning of the year	1	0	–	–	–
	Decrease - Transfer of share to Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani on 29th December, 2016	–	–	1	–	–
	At the End of the year	–	–	–	–	–
12.	**Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani**					
	At the beginning of the year	–	–	–	–	–
	Increase - Transfer of share from Mahindra and Mahindra Limited jointly with Mr. Ruzbeh Irani on 29th December, 2016	–	–	1	–	–
	At the End of the year	–	–	–	1	0

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
13.	**Mahindra Holdings Limited**					
	At the beginning of the year	–	–	–	–	–
	Increase -- Shares Transferred from Mahindra and Mahindra Limited on 29th December, 2016			25,89,99,994	25,89,99,994	100%
	Increase - Allotment to Mahindra Holdings Limited on rights basis on 8th March, 2017.			21,00,000	26,10,99,994	100%
	Increase - Allotment to Mahindra Holdings Limited on rights basis on 30th March, 2017.			29,00,000	26,39,99,994	100%
	At the End of the year				26,39,99,994	100%

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Top 10 Shareholders	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:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Directors				
1.	**Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey**				
	At the beginning of the year	1	0	–	–
	Datewise Increase/Decrease in shareholding during the Year specifying the reasons for increase/decrease: Decrease - Transfer of one Equity share to Mahindra Holdings Limited jointly with Mr. Rajeev Dubey on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	–	0
2.	**Mahindra Holdings Limited jointly with Mr. Rajeev Dubey**				
	At the beginning of the year	–	0	–	–
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one Equity share from Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	**Mahindra & Mahindra Limited jointly with Mr. K Chandrasekar**				
	At the beginning of the year	1	0	–	–
	Datewise Increase/Decrease in shareholding during the Year specifying the reasons for increase/decrease: Decrease - Transfer of one Equity share to Mahindra Holdings Limited jointly with Mr. K. Chandrasekar on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	–	0
4.	**Mahindra Holdings Limited jointly with Mr. K. Chandrasekar**				
	At the beginning of the year	–	0	–	–
	Datewise Increase/Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one Equity share from Mahindra & Mahindra Limited jointly with Mr. K. Chandrasekar on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0
5.	**Mahindra & Mahindra Limited jointly with Mr. YVS Vijaykumar**				
	At the beginning of the year	1	0	–	–
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Decrease - Transfer of one Equity share to Mahindra Holdings Limited jointly with Mr. YVS Vijaykumar on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	–	0
6.	**Mahindra Holdings Limited jointly with Mr. YVS Vijaykumar**				
	At the beginning of the year	–	0	–	–
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one Equity share from Mahindra & Mahindra Limited jointly with Mr. YVS Vijaykumar on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0
7.	**Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani**				
	At the beginning of the year	1	0	–	–
	Datewise Increase/Decrease in shareholding during the Year specifying the reasons for increase/decrease: Decrease - Transfer of one Equity share to Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	–	0

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8.	**Mahindra Holdings Limited jointly with Mr. Ruzbeh Irani**				
	At the beginning of the year	–	0	–	–
	Datewise Increase/ Decrease in shareholding during the Year specifying the reasons for increase/decrease: Increase - Transfer of one Equity share from Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani on 29th December, 2016	–	–	–	0
	At the end of the year	–	–	1	0

V. INDEBTEDNESS

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

(Amount in Rs.)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Sl. No	Particulars of Remuneration	Name of Whole-Time Director	Total Amount
		Mr. Y.V.S. Vijaykumar	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	93,00,000	93,00,000
	(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	–	–
	Total (A)	**93,00,000**	**93,00,000**
	Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013	

B. Remuneration of other Directors:

(Amount in Rs.)

Particulars of Remuneration	Name of Directors									Total Amount
	Mr. Rajeev Dubey	Mr. Ramesh Iyer	Mr. K. Chandra sekar	Mr. Anupam Thareja	Mr. Ruzbeh Irani	Mr. P. Augustin	Ms. Sonu Bhasin	Mr. Vivek Nayer	Mr. Debabrata Bandyopadhyay	
1. Independent Directors • Fee for attending board/ committee meetings	N.A	N.A	N.A	N.A	N.A	N.A	2,40,000	N.A	2,70,000	5,10,000
• Commission										
• Others, please specify										
Total (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**2,40,000**	**NIL**	**2,70,000**	**5,10,000**
2. Other Non-Executive Directors										
• Fee for attending board/ committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	N.A	NIL	N.A	
• Commission										
• Others, please specify										
Total (2)										
Total B=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**2,40,000**	**NIL**	**2,70,000**	**5,10,000**
Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013									

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

Sl. No	Particulars of Remuneration			
		Company Secretary	Chief Financial Officer	Total
	Names of Key Managerial Personnel	**Mr. V. S. Ramesh**	**Mr. V. Rajan**	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	50,73,600	50,73,600
	(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	1,64,286	–	1,64,286
	Total	**1,64,286**	**50,73,600**	**52,37,886**

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFENCES:

	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						
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. DIRECTORS						
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
C. OTHER OFFICERS IN DEFAULT						
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

Rajeev Dubey
Chairman

Mumbai, 15th May, 2017

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra First Choice Services Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra First Choice Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the Notes to the Ind AS financial statements:

Note 33 which indicates that, the Company has accumulated losses of Rs. 2,761,208,244 and its net worth has been fully eroded, the Company has incurred a net loss during the current and previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 33 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

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, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) The going concern matter described under the Emphasis of Matter 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, 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, 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 Ind AS financial statements – Refer Note 32 on 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.

   iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the Management of the Company, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016") 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)

Rajesh K. Hiranandani
Partner
Membership No. 36920

Place : Mumbai
Date : 5th May 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (g) 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

We have audited the internal financial controls over financial reporting of Mahindra First Choice Services Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company 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 ("the Guidance Note") 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 ("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 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, 2017, 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)

Rajesh K. Hiranandani
Partner
Membership No. 36920

Place : Mumbai
Date : 5th May 2017

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 of the Company 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 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 of the Company 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 186 of the Companies Act, 2013 in respect of making investments. According to the information and explanations given to us, the Company has not granted any loans or provided guarantees and hence reporting under clause 3 (iv) of the CARO 2016, to the extent it relates to loans and guarantees under sections 185 and 186 of the Companies Act, 2013, are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable and hence reporting under clause 3(v) of the CARO 2016 is also not applicable.

(vi) In respect of maintenance of Cost records under section 148 (1) of the Companies Act, 2013, 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, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it, to the appropriate authorities. Customs duty and excise duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 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, and Value Added Tax which have not been deposited as on March 31, 2017 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.)	Amount Unpaid (Rs.)
AP VAT Rules, 2005	VAT payments	Appellate Deputy Commissioner (CT)	November 2008 to April 2011	690,733	690,733
MVAT Act, 2002	VAT payable and Interest	Dy. Commissioner of Sales Tax - Appeals	April 2008 to March 2009	522,564	522,564

(viii) The Company has neither taken any loans or borrowings from financial institutions, banks and government nor has issued any debentures and hence reporting under clause (viii) of the 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 has been noticed or reported during the year. With regard to fraud on the Company by its officers or employees, as described in Note No. 34 (vi) to the financial statements, three instances of fraud in the nature of misappropriation of funds and inventory have been noticed by the Management of the Company. The amount involved as ascertained by the Management is Rs. 42.64 lakhs, of which an amount of Rs. 35.07 lakhs has been recovered, as stated in the said Note.

(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 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 the 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-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Rajesh K. Hiranandani
Partner
Membership No. 36920

Place : Mumbai
Date : 5th May 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
A ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	5	**54,374,851**	122,754,550	252,329,879
(b) Capital work-in-progress	5	**–**	30,450	275,599
(c) Intangible assets	6	**15,781,514**	19,321,147	7,474,209
(d) Intangible assets under development	6	**–**	13,368,415	1,118,204
(e) Financial Assets				
(i) Investments	7	**1**	–	–
(ii) Loans	8	**17,250,634**	37,353,344	53,035,079
(iii) Other financial assets	9	**1,220,000**	47,028	495,000
(f) Other non-current assets	10	**23,424,161**	26,914,751	23,664,445
Total Non - Current Assets		**112,051,161**	219,789,685	338,392,415
2 Current assets				
(a) Inventories	11	**56,809,523**	30,826,643	31,816,772
(b) Financial Assets				
(i) Trade receivables	12	**38,110,017**	26,281,911	24,495,007
(ii) Cash and cash equivalents	13	**18,212,280**	68,528,268	56,148,698
(iii) Bank balances other than (ii) above	13	**–**	325,000	25,000
(iv) Loans	8	**3,458,443**	9,801,900	2,694,000
(v) Other financial assets	9	**20,865,607**	11,562,564	5,863,619
(c) Other current assets	10	**7,232,273**	10,920,007	12,400,896
		144,688,143	158,246,293	133,443,992
Assets classified as held for sale	34 (ii)	**2,400,000**	12,043,405	5,293,454
Total Current Assets		**147,088,143**	170,289,698	138,737,446
Total Assets		**259,139,304**	390,079,383	477,129,861
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share capital	14	**2,640,000,000**	2,343,000,000	1,919,000,000
(b) Other Equity	15	**(2,761,208,244)**	(2,305,808,638)	(1,589,462,362)
Total equity		**(121,208,244)**	37,191,362	329,537,638
LIABILITIES				
2 Non-current liabilities				
(a) Financial Liabilities				
(i) Trade payables	16	**12,155,812**	18,845,183	5,258,015
(ii) Other financial liabilities	17	**105,203,977**	32,320,000	9,430,000
(b) Provisions	18	**12,516,325**	9,166,222	6,004,618
Total Non - Current Liabilities		**129,876,114**	60,331,405	20,692,633
3 Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	16	**187,091,294**	224,556,709	98,039,425
(ii) Other financial liabilities	17	**22,019,243**	31,680,738	9,693,812
(b) Provisions	18	**9,156,376**	5,541,961	2,936,042
(c) Other current liabilities	19	**32,204,521**	30,777,208	16,230,311
Total Current Liabilities		**250,471,434**	292,556,616	126,899,590
Total Liabilities		**380,347,548**	352,888,021	147,592,223
Total Equity and Liabilities		**259,139,304**	390,079,383	477,129,861

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K Hiranandani
Partner

Place : Mumbai
Date : 5th May 2017

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

V S Ramesh
Company Secretary

Place : Mumbai
Date : 2nd May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

	Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I	Revenue from operations	**20**	**756,618,282**	600,852,972
II	Other Income	**21**	**34,848,652**	7,397,582
III	**Total Revenue (I + II)**		**791,466,934**	608,250,554
IV	**Expenses**			
	(a) Purchases of Stock-in-trade		**494,108,821**	305,519,015
	(b) Changes in inventories of stock-in-trade	**22**	**(25,982,880)**	990,129
	(c) Employee benefit expense	**23**	**255,411,656**	347,446,670
	(d) Depreciation and amortisation expense	**5,6**	**30,725,305**	50,638,333
	(e) Other expenses	**24**	**491,705,922**	619,862,705
	Total Expenses (V)		**1,245,968,824**	1,324,456,852
VI	**Loss before tax (III - IV)**		**(454,501,890)**	(716,206,298)
VII	**Tax Expense**		**–**	–
VIII	**Loss for the year (VI - VII)**		**(454,501,890)**	(716,206,298)
IX	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss :			
	Remeasurements of the defined benefit liabilities/(assets)		**(897,716)**	(139,978)
	(ii) Income tax relating to items that will not be reclassified to profit or loss :		**–**	–
X	**Total Other comprehensive income for the period (A(i-ii))**		**(897,716)**	(139,978)
XI	**Total comprehensive income for the period**		**(455,399,606)**	(716,346,276)
XII	**Earnings per equity share :**			
	Basic and Diluted	**25**	**(1.80)**	(3.43)

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K Hiranandani
Partner

Place : Mumbai
Date : 5th May 2017

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

V S Ramesh
Company Secretary

Place : Mumbai
Date : 2nd May 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

	Particulars		Year ended 31st March, 2017		Year ended 31st March, 2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Loss before tax			**(454,501,890)**	(716,206,298)
	Adjustments for:				
	Depreciation and amortisation expense		**30,725,305**		50,638,333
	Provision for impairment on fixed assets reclassified as held for sale		**3,485,066**		27,069,799
	Loss on sale/write off of fixed assets		**44,867,458**		44,965,048
	Bad debts written off		**4,205,857**		1,412,050
	Advances written off		**326,998**		–
	Allowance for expected credit losses on trade receivables		**8,178,560**		2,227,356
	Interest income		**(225,446)**		(78,175)
	Interest income on financial assets at amortised cost		**(953,300)**		(2,786,729)
	Provision for doubtful advances		**755,879**		860,687
	Provision for doubtful advances no longer required		**(269,862)**		–
	Credit balances written back		**(2,186,464)**		(545,881)
	Advances from customers written back		**(231,661)**		(8,681)
	Provision for impairment no longer required		**–**		(965,427)
	Provision for doubtful receivables no longer required		**(823,916)**		(741,274)
				87,854,474	122,047,106
	Operating loss before working capital changes			**(366,647,416)**	(594,159,192)
	Decrease in non current loans		**20,300,131**		17,607,777
	(Increase)/Decrease in other non current assets		**(798,506)**		6,183,548
	(Increase)/Decrease in inventories		**(25,982,880)**		990,129
	(Increase) in trade receivables		**(23,388,607)**		(6,426,515)
	Decrease/(Increase) in current loans		**6,343,457**		(7,107,900)
	(Increase) in other current financial assests		**(9,301,295)**		(3,952,307)
	Decrease in other current assets		**3,630,598**		2,446,316
	Decrease/(Increase) in assets classified as held for sale		**9,643,405**		(6,749,952)
	(Decrease)/Increase in non current trade payables		**(6,689,371)**		13,587,168
	(Decrease)/Increase in current trade payables		**(35,278,951)**		132,321,179
	(Decrease)/Increase in other current financial liabilities		**(9,661,495)**		21,986,926
	Increase in current provisions		**3,614,415**		2,605,919
	Increase in other current liabilities		**761,258**		14,415,600
	Increase in other non current financial liabilities		**72,883,977**		22,890,000
	Increase/(Decrease) in other non current provisions		**3,350,103**		(2,096,411)
				9,426,239	208,701,477
	Cash used in operations			**(357,221,177)**	(385,457,715)
	Income tax paid			**(3,224,528)**	(1,728,116)
	NET CASH USED IN OPERATING ACTIVITIES	**(A)**		**(360,445,705)**	(387,185,831)
	CASH FLOW FROM INVESTING ACTIVITIES:				
	Purchase of fixed assets (including capital advances)		**(36,008,826)**		(58,190,249)
	Sale of fixed assets		**49,762,818**		33,534,662
	Investment in equity shares		**(1)**		–
	Bank balances not considered as cash and cash equivalents (net)		**(847,972)**		147,972
	Interest received		**223,698**		73,016
B.	**NET CASH USED IN INVESTING ACTIVITIES**	**(B)**		**13,129,717**	(24,434,599)
	CASH FLOW FROM FINANCING ACTIVITIES:				
	Proceeds from issue of equity shares		**297,000,000**		424,000,000
	NET CASH GENERATED BY FINANCING ACTIVITIES	**(C)**		**297,000,000**	424,000,000
C.	**Net (Decrease)/Increase in cash and cash equivalents**	**(A+B+C)**		**(50,315,988)**	12,379,570
	Cash and cash equivalents at the beginning of the year			**68,528,268**	56,148,698
	Cash and cash equivalents at the end of the year			**18,212,280**	68,528,268
	Net (Decrease)/Increase as disclosed above			**(50,315,988)**	12,379,570

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K Hiranandani
Partner

Place : Mumbai
Date : 5th May 2017

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

V S Ramesh
Company Secretary

Place : Mumbai
Date : 2nd May 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

a. Equity Share Capital

	Amount
As at 01st April, 2015	1,919,000,000
Changes in equity share capital during the year	424,000,000
As at 31st March, 2016	2,343,000,000
Changes in equity share capital during the year	297,000,000
As at 31st March, 2017	**2,640,000,000**

b. Other Equity

Particulars	Reserves & Surplus	Items of other comprehensive income	Total
	Retained earnings	Remeasurements of the defined benefit liabilities/(assets)	
Balance as at 1st April, 2015	(1,589,462,362)	–	(1,589,462,362)
Loss for the year	(716,206,298)	–	(716,206,298)
Other Comprehensive Income	–	(139,978)	(139,978)
Total Comprehensive Income	(716,206,298)	(139,978)	(716,346,276)
Balance as at 31st March, 2016	(2,305,668,660)	(139,978)	(2,305,808,638)
Loss for the year	(454,501,890)	–	(454,501,890)
Other Comprehensive Income	–	(897,716)	(897,716)
Total Comprehensive Income	(454,501,890)	(897,716)	(455,399,606)
Balance as at 31st March, 2017	**(2,760,170,550)**	**(1,037,694)**	**(2,761,208,244)**

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K Hiranandani
Partner

Place : Mumbai
Date : 5th May 2017

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

V S Ramesh
Company Secretary

Place : Mumbai
Date : 2nd May 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

1) Corporate Information

Mahindra First Choice Services Limited (MFCSL) is a wholly owned subsidiary of Mahindra Holdings Limited. MFCSL has service centres across all major cities in India. MFCSL has presence in 23 states / Union Territories namely Andhra Pradesh, Assam, Bihar, Chhatisghad, Chandiggarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Pondichery, Punjab, Rajasthan, Tamilnadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal. The service network comprises both Franchise owned Franchise operated (FOFO) outlets (272 outlets) and Company owned Company operated (COCO) outlets (2 outlets).

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The immediate parent Company is Mahindra Holdings Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries is provided in note on investments.

Significant Accounting Policies

2) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with the requirements of the previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements.The date of transition to Ind AS is 1st April 2015. Refer Note 3 for the details of first-time adoption exemptions availed by the Company.

a) Basis of accounting and preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and impairment losses. Costs comprise purchase price net of any trade discounts and rebates 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 and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are given below

Category of assets	Life
Plant and Machinery	
- Machinery	10 Years
- Electrical equipments and tools	06 Years
- Mobile handsets	02 Years
- Barcode system & equipment	05 Years
Furniture and fittings - movable in nature	06 Years
Vehicles	06 Years and 8 months
Office Equipments	05 Years
Leasehold Premises	Over the period of lease
Computers	03 Years

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Useful lives of intangible assets

Computer Software - 3 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from 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, are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets under development

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

d) Impairment of tangible and intangible assets other than goodwill

The carrying amounts of tangible and intangible 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 amounts of assets exceed their recoverable 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

is available for that asset. 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.

e) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi, freight and other levies. Cost is arrived at on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

f) Unbilled Revenue

Unbilled revenue is recognised on the cost of material issued on the job card opened, pending completion of service and hence not billed at the year end.

g) 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.

Sale of Goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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

Income from Services

Income from services is recognised when services are rendered and related costs are incurred.

Franchise Income

(i) One-time fees is recognised when services are rendered and related costs are incurred prior to the commencement of operations by Franchise.

(ii) Monthly fees are recognised when services are rendered and related costs are incurred after the commencement of operations by Franchise.

h) Dividend and interest income

Dividend income from investments is recognised 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 recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably."

i) Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, stock appreciation rights and post-employment medical benefits.

1. 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 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.

2. Long Term Benefits

I. Defined Contribution Plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme 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.

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 contributions 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. The Company's contribution to Defined Contribution Plans is charged to the Statement of Profit and Loss as incurred.

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 15% 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 contribution to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

II. Defined Benefit Plan

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 other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

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."

i. Gratuity

The Company has an 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 has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Remeasurements arising from defined benefit plans comprises of actuarial gains and losses on benefit obligations, the return on plan assets in excess of what has been estimated and the effect of asset ceiling, if any, in case of over funded plans. The Company recognizes these items of remeasurements immediately in other comprehensive income and all the other expenses related to defined benefit plans as employee benefit expenses in their statement of profit and loss.

ii. Compensated absences

The Company provides for 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.

j) Employee Share Based Payments

The Company has constituted an Employee Stock Option Plan by way of Stock Appreciation Rights. Employee Stock Options granted on or after 1st April, 2005 are accounted under the 'Fair Value Method'. For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in statement of profit and loss for the year.

k) Taxation

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. The Companies current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 liabilities and assets 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) 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. 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

m) Leases

The Company as lessee

Rental expense from operating leases is generally recognised as per agreement over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

n) Financial instuments

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

o) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

Investments in equity of subsidiaries is measured at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

A financial asset is 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 Group 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 or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

p) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3) First time adoption - mandatory exceptions and optional exemptions

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

i) Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April 2015 (the transition date).

ii) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

iii) Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

The estimates and assumptions 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:

Useful lives of Property, plant and equipment

Depreciation on property, plant and equipment 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 evaluation, 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.:

Sr. No	Category of assets	Life
(i)	Plant and Machinery	
	- Machinery	10 Years
	- Electrical equipments and tools	6 Years
	- Mobile handsets	2 Years
	- Barcode system & equipment	5 Years
(ii)	Furniture and fittings - movable in nature	6 Years
(iii)	Vehicles	6 Years and 8 months

Note No. 5 - Property, Plant and Equipment and Capital work in progress

Carrying amount	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Plant and equipment	**11,026,866**	53,940,277	126,158,981
Furniture and fixtures	**8,315,617**	11,382,327	16,101,420
Vehicles	**12,189,369**	11,410,059	5,666,354
Office equipment	**4,375,429**	5,763,380	8,020,505
Improvement to leasehold premises	**7,219,602**	27,985,782	81,265,011
Computers	**11,247,968**	12,272,725	15,117,608
	54,374,851	122,754,550	252,329,879
Capital work in progress	**–**	30,450	275,599
Total	**54,374,851**	122,785,000	252,605,478

Description of Assets	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Improvement to leasehold premises	Computers	Total
Gross Block							
Balance as at 1st April, 2015	166,895,144	26,886,819	8,617,042	13,836,868	128,721,654	32,558,600	377,516,127
Additions	1,487,138	3,960,104	8,230,785	1,369,236	1,795,630	6,349,422	23,192,315
Disposals	57,519,866	6,877,866	2,333,965	2,874,834	62,407,872	3,480,976	135,495,379
Reclassified from previous year's held for sale	1,481,872	291,063	–	678,860	128,640	597,453	3,177,888
Reclassified as held for sale	29,314,696	3,941,411	147,170	1,864,519	22,322,394	662,501	58,252,691
Balance as at 31st March, 2016	83,029,592	20,318,709	14,366,692	11,145,611	45,915,658	35,361,998	210,138,260
Additions	2,331,780	5,096,976	3,324,254	1,979,925	2,897,118	7,264,583	22,894,636
Disposals	62,831,222	11,301,152	672,264	4,315,839	33,832,732	4,319,990	117,273,199
Reclassified from previous year's held for sale	1,326,625	474,647	–	265,455	–	34,965	2,101,692
Reclassified as held for sale	5,419,840	176,409	–	470,730	–	–	6,066,979
Balance as at 31st March, 2017	**18,436,935**	**14,412,771**	**17,018,682**	**8,604,422**	**14,980,044**	**38,341,556**	**111,794,410**
Accumulated depreciation and impairment for the year							
Balance as at 1st April, 2015	40,736,163	10,785,399	2,950,688	5,816,363	47,456,643	17,440,992	125,186,248
Depreciation/amortisation expense for the year	14,684,777	3,572,945	1,663,902	2,190,020	11,137,233	8,566,690	41,815,567
Eliminated on disposal of assets	17,906,389	3,745,735	1,557,446	1,861,546	33,718,528	2,633,284	61,422,928
Reclassified from previous year's held for sale	314,677	139,251	–	220,951	22,842	268,812	966,533
Impairment losses recognised in profit or loss	12,864,381	1,237,243	31,941	334,851	12,563,598	37,785	27,069,799
Eliminated on reclassification as held for sale	21,604,294	3,052,721	132,452	1,318,408	19,531,912	591,722	46,231,509
Balance as at 31st March, 2016	29,089,315	8,936,382	2,956,633	5,382,231	17,929,876	23,089,273	87,383,710
Depreciation/amortisation expense for the year	4,219,226	3,210,678	2,249,699	1,694,955	2,876,039	7,365,100	21,615,697
Eliminated on disposal of assets	25,211,720	6,105,913	377,019	2,781,421	13,045,473	3,394,002	50,915,548
Reclassified from previous year's held for sale	333,770	189,881	–	139,797	–	33,217	696,665
Impairment losses recognised in profit or loss	2,155,728	20,843	–	129,443	–	–	2,306,014
Eliminated on reclassification as held for sale	3,176,250	154,717	–	336,012	–	–	3,666,979
Balance as at 31st March, 2017	**7,410,069**	**6,097,154**	**4,829,313**	**4,228,993**	**7,760,442**	**27,093,588**	**57,419,559**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Description of Assets	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Improvement to leasehold premises	Computers	Total
Net block							
Balance as at 1st April, 2015	126,158,981	16,101,420	5,666,354	8,020,505	81,265,011	15,117,608	252,329,879
Additions	1,487,138	3,960,104	8,230,785	1,369,236	1,795,630	6,349,422	23,192,315
Disposals	57,519,866	6,877,866	2,333,965	2,874,834	62,407,872	3,480,976	135,495,379
Depreciation/amortisation expense for the year	14,684,777	3,572,945	1,663,902	2,190,020	11,137,233	8,566,690	41,815,567
Eliminated on disposal of assets	17,906,389	3,745,735	1,557,446	1,861,546	33,718,528	2,633,284	61,422,928
Reclassified from previous year's held for sale	1,167,195	151,812	–	457,909	105,798	328,641	2,211,355
Impairment losses recognised in profit or loss	12,864,381	1,237,243	31,941	334,851	12,563,598	37,785	27,069,799
Eliminated on reclassification as held for sale	7,710,402	888,690	14,718	546,111	2,790,482	70,779	12,021,182
Balance as at 31st March, 2016	53,940,277	11,382,327	11,410,059	5,763,380	27,985,782	12,272,725	122,754,550
Additions	2,331,780	5,096,976	3,324,254	1,979,925	2,897,118	7,264,583	22,894,636
Disposals	62,831,222	11,301,152	672,264	4,315,839	33,832,732	4,319,990	117,273,199
Depreciation/amortisation expense for the year	4,219,226	3,210,678	2,249,699	1,694,955	2,876,039	7,365,100	21,615,697
Eliminated on disposal of assets	25,211,720	6,105,913	377,019	2,781,421	13,045,473	3,394,002	50,915,548
Reclassified from previous year's held for sale	992,855	284,766	–	125,658	–	1,748	1,405,027
Impairment losses recognised in profit or loss	2,155,728	20,843	–	129,443	–	–	2,306,014
Eliminated on reclassification as held for sale	2,243,590	21,692	–	134,718	–	–	2,400,000
Balance as at 31st March, 2017	**11,026,866**	**8,315,617**	**12,189,369**	**4,375,429**	**7,219,602**	**11,247,968**	**54,374,851**

1 Impairment losses recognised in the year

During the year ended 31st March 2017, the impairment loss of Rs. 2,306,014 (Previous Year Rs. 27,069,799) represents the write-down in value of plant and equipment to arrive at it's recoverable amount as a result of closure of it's COCO outlets. This is recognised in the statement of profit and loss as 'Impairment expenses/losses' under Other expenses in Note 24. The recoverable amount of Rs. 2,400,000 is determined on the basis of an agreed resale value.

	As at 31st March, 2017			As at 31st March, 2016		
Asset	**Impairment recorded (Refer Note 24)**	**Carrying value**	**Recoverable amount**	Impairment recorded (Refer Note 24)	Carrying value	Recoverable amount
Plant and equipment	**2,155,728**	**4,399,318**	**2,243,590**	12,864,381	20,595,385	7,731,004
Furniture and fixtures	**20,843**	**42,535**	**21,692**	1,237,243	2,126,092	888,849
Vehicles	**–**	**–**	**–**	31,941	46,658	14,717
Office equipment	**129,443**	**264,161**	**134,718**	334,851	882,425	547,574
Improvement to leasehold premises	**–**	**–**	**–**	12,563,598	15,354,080	2,790,482
Computers	**–**	**–**	**–**	37,785	108,564	70,779
Total	**2,306,014**	**4,706,014**	**2,400,000**	27,069,799	39,113,204	12,043,405

2 Impairment loss reversed during the year (Refer Note No. 21)

Asset	Year ended 31st March, 2016
Plant and equipment	288,315
Office equipment	271,451
Improvement to leasehold premises	290,021
Computers	115,640
Total	965,427

3 Additional Impairment loss recognised during the year (Refer Note No. 24)

Asset	Year ended 31st March, 2017
Plant and equipment	**(1,391,741)**
Furniture and fixtures	**1,032,659**
Vehicles	**(11,950)**
Office equipment	**(38,164)**
Improvement to leasehold premises	**1,678,887**
Computers	**(90,638)**
Total	**1,179,053**

Note No. 6 - Other Intangible Assets

Carrying amount	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Computer Software	**15,781,514**	19,321,147	7,474,209
Intangible assets under development	**–**	13,368,415	1,118,204
Total	**15,781,514**	32,689,562	8,592,413

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at 1st April, 2015	23,712,106	23,712,106
Additions	21,179,227	21,179,227
Disposals	519,281	519,281
Balance as at 31st March, 2016	44,372,052	44,372,052
Additions	5,659,955	5,659,955
Disposals	203,182	203,182
Balance as at 31 March, 2017	**49,828,825**	**49,828,825**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Description of Assets	Computer Software	Total
Accumulated depreciation and impairment for the year		
Balance as at 1st April, 2015	16,237,897	16,237,897
Amortisation expense for the year	8,858,632	8,858,632
Eliminated on disposal of assets	45,624	45,624
Balance as at 31st March, 2016	25,050,905	25,050,905
Amortisation expense for the year	9,109,608	9,109,608
Eliminated on disposal of assets	113,202	113,202
Balance as at 31 March, 2017	**34,047,311**	**34,047,311**
Net block		
Balance as at 1st April, 2015	7,474,209	7,474,209
Additions	21,179,227	21,179,227
Disposals	519,281	519,281
Amortisation expense for the year	8,858,632	8,858,632
Eliminated on disposal of assets	45,624	45,624
Balance as at 31st March, 2016	19,321,147	19,321,147
Additions	5,659,955	5,659,955
Disposals	203,182	203,182
Amortisation expense for the year	9,109,608	9,109,608
Eliminated on disposal of assets	113,202	113,202
Balance as at 31 March, 2017	**15,781,514**	**15,781,514**

Particulars	Intangible assets under development
Capital expenditure incurred during the year ended 31st March, 2016	2,899,614
Total - A	**2,899,614**
Revenue expenses capitalised as intangible assets under construction during the year ended 31st March, 2016	
Salaries and Wages	7,110,170
Professional fees	3,033,802
Travelling and communication Expenses	251,882
Depreciation on assets	35,866
Other expenses	37,081
Total - B	**10,468,801**
Balance as at 31st March, 2016 (A+B)	13,368,415
Capital expenditure incurred during the year ended 31st March, 2017	15,330,385
Disposals	28,698,800
Balance as at 31st March, 2017	**–**

Note No. 7 - Investments

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current :			
Unquoted Instruments (all fully paid)			
Investment in Equity Instruments in subsidiary at cost			
- Auto Digitech Private Ltd (*) (10,000 Equity shares of Rs. 10/- each)	**1**	–	–
	1	–	–
Current :	**–**	–	–
Total	**1**	–	–

(*) Erstwhile Mahindra Punjab Tractors Private Limited

Note No. 8 - Loans

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
Security Deposits			
- Unsecured, considered good			
- for rented premises	**16,549,297**	36,479,353	51,317,174
- for others	**701,337**	873,991	1,717,905
	17,250,634	37,353,344	53,035,079
Current			
Security Deposits			
- Unsecured, considered good			
- for rented premises	**3,234,222**	9,360,000	2,520,000
- for others	**224,221**	441,900	174,000
	3,458,443	9,801,900	2,694,000
TOTAL	**20,709,077**	47,155,244	55,729,079

Refer Note 26(B)(2) for disclosures related to Liquidity risk and related financial instrument disclosures.

Note No.9 - Other financial assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
Bank Deposit with more than 12 months maturity (Refer Note)	**1,220,000**	47,028	495,000
	1,220,000	47,028	495,000
Current			
Interest accrued on bank deposits	**14,868**	13,120	7,961
Unbilled revenue	**2,438,008**	9,807,965	5,855,658
Other receivables	**18,412,731**	1,741,479	–
	20,865,607	11,562,564	5,863,619
TOTAL	**22,085,607**	11,609,592	6,358,619

Note : Lien has been creeated on fixed deposits in favour of banks, as a security for their guarantees.

Refer Note 26(B)(2) for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No.10 - Other assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
(a) Capital advances			
For Capital work in progress			
Considered good	**1,175,467**	8,689,090	983,354
Considered doubtful	**474,637**	1,000,940	1,000,940
Less: Allowance for credit losses	**(474,637)**	(1,000,940)	(1,000,940)
	1,175,467	8,689,090	983,354

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
(b) Advances other than capital advances			
(i) Other advances	**880,876**	169,249	2,964,995
(ii) Balances with government authorities (other than income taxes)			
(a) VAT credit receivable	**508,330**	2,095,723	2,620,856
(b) Service tax credit receivable	**9,721,984**	8,047,713	10,910,381
(iii) Advance income tax	**11,137,504**	7,912,976	6,184,860
	22,248,694	18,225,661	22,681,091
	23,424,161	26,914,751	23,664,445
Current			
(a) Advances other than capital advances			
(i) Advances to related parties	**14,254**	770,802	257,175
(ii) Other advances			
Considered good	**6,506,991**	8,717,366	9,649,209
Considered doubtful	**1,255,223**	1,457,634	596,947
Less: Allowance for credit losses	**(1,255,223)**	(1,457,634)	(596,947)
	6,506,991	8,717,366	9,649,209
(iii) Advances to employees	**711,028**	1,431,839	954,380
	7,232,273	10,920,007	10,860,764
(b) Other assets			
Advance to the credit of gratuity trust	**–**	–	1,540,132
	–	–	1,540,132
	7,232,273	10,920,007	12,400,896
TOTAL	**30,656,434**	37,834,758	36,065,342

Note No. 11: Inventories

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Stock-in-trade of goods acquired for trading	**56,809,523**	30,826,643	31,816,772
Total Inventories (at lower of cost and net realisable value)	**56,809,523**	30,826,643	31,816,772
Included above, goods-in-transit:			
Stock-in-trade of goods acquired for trading	**5,476**	52,115	–
Total goods-in-transit	**5,476**	52,115	–

1 The cost of inventories recognised as an expense during the year is Rs. 468,125,941. (Previous year Rs. 306,509,144).

2 The cost of inventories recognised as an expense includes:

a Rs. 521,529 in respect of shortages found during physical verification (Previous Year : Rs. 509,718)

b Rs. 3,108,481 in respect of inventory written off .(Previous year Rs. 3,405,239).

3 Mode of valuation of inventories is stated in Note 2 (e).

Note No. 12 - Trade receivables

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current	**–**	–	–
Current			
Trade receivables			
Secured, considered good	**–**	–	–
Unsecured, considered good	**38,110,017**	26,281,911	24,495,007
Considered Doubtful	**9,059,804**	2,694,177	1,280,263
Less: Allowance for Credit Losses	**(9,059,804)**	(2,694,177)	(1,280,263)
	38,110,017	26,281,911	24,495,007
TOTAL	**38,110,017**	26,281,911	24,495,007

Refer Note 26(B)(1) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 13: Cash and bank balances

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Cash and cash equivalents			
(a) Balances with banks			
- in current accounts	**17,589,267**	65,652,448	53,480,260
- in deposit account (Less than 3 months maturity)	**–**	527,026	50,000
(b) Cash on hand	**623,013**	2,348,794	2,618,438
Total Cash and cash equivalents	**18,212,280**	68,528,268	56,148,698
Other Bank Balances			
Balances with Banks:			
- Fixed Deposits with maturity greater than 3 months	**–**	325,000	25,000
Total Other Bank balances	**–**	325,000	25,000

Note:

(i) Cash and cash equivalents include cash in hand and in banks.

(ii) Lien has been created on fixed deposits in favour of banks, as a security for their guarantees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Note No. 14: Equity Share Capital

	As at 31st March, 2017		As at 31st March, 2016		As at 01st April, 2015	
Particulars	**No. of shares**	**Amount**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of Rs. 10/- each	**264,000,000**	**2,640,000,000**	250,000,000	2,500,000,000	200,000,000	2,000,000,000
	264,000,000	**2,640,000,000**	250,000,000	2,500,000,000	200,000,000	2,000,000,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10/- each	**264,000,000**	**2,640,000,000**	234,300,000	2,343,000,000	191,900,000	1,919,000,000
	264,000,000	**2,640,000,000**	234,300,000	2,343,000,000	191,900,000	1,919,000,000
TOTAL	**264,000,000**	**2,640,000,000**	234,300,000	2,343,000,000	191,900,000	1,919,000,000

Note No. 14.1: Equity Share Capital (Contd.)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	**Opening Balance**	**Fresh Issue**	**Closing Balance**
Equity Shares with Voting rights			
Year Ended 31st March, 2017			
No. of Shares	**234,300,000**	**29,700,000**	**264,000,000**
Amount in Rupees	**2,343,000,000**	**297,000,000**	**2,640,000,000**
Year Ended 31st March, 2016			
No. of Shares	191,900,000	42,400,000	234,300,000
Amount in Rupees	1,919,000,000	424,000,000	2,343,000,000
Year Ended 01st April, 2015			
No. of Shares	138,770,000	53,130,000	191,900,000
Amount in Rupees	1,387,700,000	531,300,000	1,919,000,000

Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share, which rank pari passu in all respects including voting rights and entitlement of dividend. In the event of liquidation, the shareholder is eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any.

(ii) Details of shares held by holding company and its nominees:

Particulars	**Number of Equity Shares with Voting rights**
As at 31st March, 2017	
Mahindra Holdings Ltd, and its nominees	**264,000,000**
As at 31st March, 2016	
Mahindra & Mahindra Ltd, and its nominees	234,300,000
As at 01st April, 2015	
Mahindra & Mahindra Ltd, and its nominees	191,900,000

Upto 28th December, 2016 all the equity shares were held by Mahindra & Mahindra Limited.

From 29th December, 2016 all the equity shares were held by Mahindra Holdings Limited, and Mahindra & Mahindra Limited became the Ultimate Holding Company.

Note No. 15 : Other Equity

Retained Earnings

Particulars	**As at 31st March, 2017**	As at 31st March, 2016
Balance as at the beginning of the year	**(2,305,808,638)**	(1,589,462,362)
Loss for the year	**(454,501,890)**	(716,206,298)
Other Comprehensive income arising from remeasurement of defined benefit obligation	**(897,716)**	(139,978)
Balance at the end of year	**(2,761,208,244)**	(2,305,808,638)

Note No. 16 : Trade payables

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 01st April, 2015
Non Current			
Liability for Stock Appreciation Rights	**12,155,812**	18,845,183	5,258,015
	12,155,812	18,845,183	5,258,015
Current			
Trade payable - Micro and small enterprises	**2,004,517**	541,313	98,149
Trade payable - Other than micro and small enterprises	**176,967,070**	177,176,590	97,941,276
Liability for Stock Appreciation Rights	**8,119,707**	46,838,806	–
	187,091,294	224,556,709	98,039,425
Total trade payables	**199,247,106**	243,401,892	103,297,440

Trade payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 26(B)(2).

Note No. 17 : Other financial liabilities

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 01st April, 2015
Non Current			
Deposits received from franchises	**105,203,977**	32,320,000	9,430,000
	105,203,977	32,320,000	9,430,000

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Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Current			
Earnest money and other deposits	**17,399,989**	25,300,006	7,310,850
Deposits received from distributors	**2,429,132**	1,085,000	–
Deposits received from franchises	**–**	840,000	–
Other Liabilities			
Creditors for capital supplies/ services	**2,190,122**	4,455,732	2,382,962
	22,019,243	31,680,738	9,693,812
Total other financial liabilities	**127,223,220**	64,000,738	19,123,812

Refer Note 26(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 18 : Provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current			
Provision for employee benefits			
Compensated Absences	**12,516,325**	9,166,222	6,004,618
	12,516,325	9,166,222	6,004,618
Current			
Provision for employee benefits			
Compensated Absences	**5,506,734**	4,699,593	2,936,042
Provision for gratuity	**3,649,642**	842,368	–
	9,156,376	5,541,961	2,936,042
Total provisions	**21,672,701**	14,708,183	8,940,660

Refer Note 23 on Employee benefits expense

Note No. 19 : Other Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Non Current	**–**	–	–
Current			
Advances received from customers	**23,314,162**	19,761,313	7,574,049
Statutory dues			
– Taxes payable (other than income taxes)	**5,037,061**	6,723,995	5,739,894
– Employee Recoveries and Employer Contributions	**3,853,298**	4,291,900	2,916,368
	32,204,521	30,777,208	16,230,311
Total other liabilities	**32,204,521**	30,777,208	16,230,311

Note No. 20 : Revenue from operations

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from sale of goods	**505,377,321**	339,054,767
Revenue from rendering of services	**38,508,658**	137,229,982
Franchise Income	**211,122,702**	121,648,683
Other operating revenue		
Sale of scrap	**1,474,927**	1,893,314
INX Income	**–**	5,263
Discounts received	**134,674**	1,020,963
Total revenue from operations	**756,618,282**	600,852,972

Note No. 21 : Other income

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest Income earned on financial assets that are not designated as at fair value through profit or loss:		
Other Financial Assets carried at amortised cost	**953,300**	2,786,729
Bank deposits (at amortized cost)	**104,084**	72,409
Interest on loan to employees	**68,131**	–
On Income tax refund	**121,362**	5,766
On MVAT refund	**46,687**	–
Operating lease rental income	**848,000**	1,212,000
Expected credit loss allowance on receivables no longer required	**823,916**	741,274
Provision for doubtful advances no longer required	**269,862**	–
Advances from customers written back	**231,661**	8,681
Recovery of security deposit/advances written off earlier now recovered	**–**	62,943
Insurance claim received	**2,109,281**	–
Service Tax, VAT Set/off reversal	**2,770,531**	813,091
Recovery of expenses in respect of shared services	**23,531,925**	–
Provision for impairment no longer required	**–**	965,427
Credit balances written back	**2,186,464**	545,881
Miscellaneous income	**783,448**	183,381
Total other income	**34,848,652**	7,397,582

Note No. 22 : Changes in inventories of stock-in-trade

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Inventories at the end of the year:		
Stock-in-trade of goods acquired for trading	**56,809,523**	30,826,643
	56,809,523	30,826,643
Inventories at the beginning of the year:		
Stock-in-trade of goods acquired for trading	**30,826,643**	31,816,772
	30,826,643	31,816,772
Net (increase)/decrease	**(25,982,880)**	990,129

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Note No. 23 : Employee benefits expense

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries and wages, including bonus	**273,888,216**	259,752,523
Contribution to provident and other funds	**18,335,204**	17,120,611
Share based payment transactions expenses (see note below)		
– Stock Appreciation Rights	**(45,408,470)**	60,425,974
Staff welfare expenses	**8,596,706**	10,147,562
Total employee benefit expense	**255,411,656**	347,446,670

Note:

On 01st April, 2016, the Company had issued 1,869,873 SARs.The SARs granted shall vest in full after 4 years (1st April, 2020) with an exercise period of 2 years from the date of vesting.

The details of the SARs are as under :

Particulars	No of SARs Year ended 31st March, 2017	31st March, 2016
SARs outstanding at the beginning of the year	**26,450,332**	22,230,639
SARs granted during the year	**1,869,873**	5,579,048
SARs expired during the year	**603,051**	1,359,355
SARs outstanding at the end of the year	**27,717,154**	26,450,332

The compensation cost of SARs granted to employees is accounted by the Company using the fair value method as below-

Number of SARs	Grant Date	Vesting Date	Expiry Date	Reporting Date	Exercise Price	Fair Value	Employee Compensation cost
14,630,537	01-Aug-12	01-Aug-16	01-Aug-18	31-Mar-17	10	0.37	5,413,300
2,010,343	01-Aug-13	01-Aug-17	01-Aug-19	31-Mar-17	10	1.47	2,706,409
3,862,520	01-Aug-14	01-Aug-18	01-Aug-20	31-Mar-17	10	2.28	5,865,002
5,343,881	01-Aug-15	01-Aug-19	01-Aug-21	31-Mar-17	13	2.27	5,048,194
1,869,873	01-Apr-16	01-Apr-20	01-Apr-22	31-Mar-17	13	2.66	1,242,614
Less: Fair Value as on 31st March, 2016							(65,683,989)
Total							**(45,408,470)**

The inputs used in the measurement of the fair values at grant date of the Cash settled Share Appreciation Rights were as follows.

Particulars	Cash settled Share Appreciation Rights 2017	2016
Exercise price (for SARs issued before 01st Aug'15)	**Rs. 10**	Rs. 10
Exercise price (for SARs issued after 01st Aug'15)	**Rs. 13**	Rs. 13
Expected volatility	**0.5**	0.5
Expected life	**5 years**	5 years
Expected dividends yield	**NIL**	NIL
Risk-free interest rate (based on GOI securities)	**8%**	8%

The fair value of the SARs has been measured using the Black-Scholes formula.

Since MFCSL is an unlisted Company, it does not have a history of volatility of its shares. However based on various considerations expected volatility is assumed as 0.5.

Note No. 24 : Other expenses

Particulars		Year ended 31st March, 2017	Year ended 31st March, 2016
Stores consumed		**920,763**	3,276,820
Power and fuel		**6,708,548**	12,797,163
Lease rent (Refer Note 27)		**68,314,348**	119,556,512
Rates and taxes		**3,203,618**	3,238,627
Insurance		**4,748,083**	5,077,915
Repairs and maintenance to premises		**150,000**	494,480
Repairs and maintenance to machinery		**4,203,713**	4,443,838
Repairs and maintenance to others		**13,065,709**	12,727,193
Marketing, promotional and related expenses		**103,457,902**	149,015,052
Travelling and conveyance		**66,190,109**	46,020,055
Hire and service charges		**46,340,901**	84,489,246
Commission and brokerage		**1,648,492**	362,850
Expected credit loss allowance on trade and other receivables		**8,178,560**	2,227,356
Provision for doubtful advances		**755,879**	860,687
Legal and professional charges (including Payment to Auditors - Refer note below)		**32,056,609**	28,622,683
Impairment of non financial assets		**3,485,066**	27,069,799
Bad debts written off	**5,194,874**		
Less: Provision held	**989,017**	**4,205,857**	1,412,050
Bad advances written off		**326,998**	–
Loss on sale/write off of fixed assets (net of profit on sale of assets)		**44,867,458**	44,965,048
IT support costs		**32,201,870**	22,885,590
Books, periodicals and subscription fees		**76,304**	203,833

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Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Recruitment and related expenses	**6,154,142**	7,015,162
Communication expenses	**14,454,071**	15,052,986
Printing and stationary	**3,668,262**	3,650,079
Deputation charges	**9,300,000**	10,536,082
Training expenses	**8,091,517**	3,092,278
Bank charges	**891,648**	3,182,377
Expenses for increase in Share capital	**1,347,000**	5,196,000
Miscellaneous expenses	**2,692,495**	2,390,944
Total Other Expenses	**491,705,922**	619,862,705

Note : Payment to Auditors (excluding Service Tax):

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
(i) Audit fees	**1,400,000**	1,215,000
(ii) Other services	**275,000**	200,000
(iii) Reimbursement of expenses	**17,537**	29,957
Total	**1,692,537**	1,444,957

Note No. 25 : Earnings per share

Basic 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.

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company	**(454,501,890)**	(716,206,298)
Profit/(loss) for the year used in the calculation of basic earnings per share	**(454,501,890)**	(716,206,298)
Weighted average number of equity shares	**252,967,213**	208,886,339
Earnings per share - Basic & Diluted	**(1.80)**	(3.43)

Note No. 26 : Financial Instruments

A Capital Management

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 as presented in the statement of financial position.

	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Equity	**(121,208,244)**	37,191,362	329,537,638
	(121,208,244)	37,191,362	329,537,638

Categories of Financial Instruments

	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Financial Assets			
Measured at fair value through profit or loss (FVTPL)	**–**	–	–
Measured at amortised cost			
Non Current			
Investments	**1**	–	–
Loans	**17,250,634**	37,353,344	53,035,079
Other Financial Assets			
– Bank deposits with more than 12 months maturity	**1,220,000**	47,028	495,000
Current			
Trade Receivables	**38,110,017**	26,281,911	24,495,007
Cash and Bank Balances	**18,212,280**	68,853,268	56,173,698
Loans	**3,458,443**	9,801,900	2,694,000
Other Financial Assets			
– Interest accrued on Bank deposits	**14,868**	13,120	7,961
– Unbilled revenue	**2,438,008**	9,807,965	5,855,658
– Other receivables	**18,412,731**	1,741,479	–
Measured at FVTOCI	**–**	–	–
Financial Liabilities			
Measured at amortised cost			
Non Current			
Trade Payables	**12,155,812**	18,845,183	5,258,015
Other Financial Liabilities			
– Deposits received from franchises	**105,203,977**	32,320,000	9,430,000
Current			
Trade Payables	**187,091,294**	224,556,709	98,039,425
Other Financial Liabilities			
– Earnest money and other deposits	**17,399,989**	25,300,006	7,310,850
– Deposits received from distributors	**2,429,132**	1,085,000	–
– Deposits received from franchises	**–**	840,000	–
– Creditors for capital supplies/ services	**2,190,122**	4,455,732	2,382,962

B Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity 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 factor.

1 CREDIT RISK

Credit risk arises when distributors, franchises, retail customers or Insurance companies default on their contractual obligations to pay resulting in financial loss to the Company.

The Company has adopted a policy of dealing with creditworthy franchises and distributors and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on specific provision where applicable as follows :

(i) Franchise Outstanding

The Company has a practice of collecting the Security Deposits from all franchises which is considered as collateral. The said deposit generally covers 4 to 5 months outstanding franchise income. The outstanding due from a franchise in excess of the corresponding security deposit is considered doubtful and a provision is made for such debts.

(ii) MFC Spares Distributor's outstanding

The Company has a practice of collecting Security Deposits from all Distributors which is considered as collateral. The provision for doubtful debts has been made based on assessment of each individual distributor.

(iii) COCO Debtors

The Company has closed down 11 COCOs in the current financial year. The company has shifted its focus from COCO business model to Franchise business model. The provision for doubtful debts has been made based on assessment of each individual debtor.

The loss allowance provision on trade receivables is determined as follows:

As at 31st March 2017

	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0.0%**	**20.5%**	**27.2%**	**19.2%**
Gross carrying amount	**4,825,119**	**36,965,078**	**5,379,624**	**47,169,821**
Loss allowance provision	**–**	**7,596,227**	**1,463,577**	**9,059,804**

As at 31st March 2016

	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	0.3%	49.8%	9.3%
Gross carrying amount	1,868,449	21,821,441	5,286,198	28,976,088
Loss allowance provision	–	63,659	2,630,518	2,694,177

As at 01st April 2015

	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	2.9%	35.6%	5.0%
Gross carrying amount	495,119	23,621,255	1,658,896	25,775,270
Loss allowance provision	–	689,825	590,438	1,280,263

Reconciliation of loss allowance provision for Trade Receivables

Particulars	31st March, 2017	31st March, 2016	01st April, 2015
Balance as at beginning of the year	**2,694,177**	1,280,263	844,433
Impairment losses recognised in the year based on lifetime expected credit losses			
– On receivables originated in the year	**7,707,311**	739,338	1,118,195
– Other receivables	**471,249**	1,488,018	–
Amounts written off during the year as uncollectible	**(989,017)**	(72,168)	(504,893)
Amounts recovered during the year	**(823,916)**	(741,274)	(177,472)
Balance at end of the year	**9,059,804**	2,694,177	1,280,263

The loss allowance provision has changed during the period mainly due to higher provision in franchise outstandings.

During the period, the company has written off an amount of Rs. 4,205,857 (Previous Year: Rs. 1,412,050) towards trade receivable. These trade receivables are not subject to enforcement activity.(Refer Note No. 24)

2 LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows. The Company has got a loan sanctioned from a bank for next financial year for managing working capital requirements.

(ii) Maturity of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31st March, 2017				
Non-interest bearing				
Security Deposits (Refer Note No.17)	**19,829,121**	**105,203,977**	–	–
Payable on purchase of Fixed Assets (Refer Note No.17)	**2,190,122**	–	–	–
Trade Payables (Refer Note No.16)	**187,091,294**	**12,155,812**	–	–
Total	**209,110,537**	**117,359,789**	–	–
31st March, 2016				
Non-interest bearing				
Security Deposits (Refer Note No.17)	27,225,006	32,320,000	–	–
Payable on purchase of Fixed Assets (Refer Note No.17)	4,455,732	–	–	–
Trade Payables (Refer Note No.16)	224,556,709	18,845,183	–	–
Total	256,237,447	51,165,183	–	–

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	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
01st April, 2015				
Non-interest bearing				
Security Deposits (Refer Note No.17)	7,310,850	9,430,000	–	–
Payable on purchase of Fixed Assets (Refer Note No.17)	2,382,962	–	–	–
Trade Payables (Refer Note No.16)	98,039,425	5,258,015	–	–
Total	107,733,237	14,688,015	–	–

(iii) Maturity of financial assets

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31st March, 2017				
Non-interest bearing				
Loans (Refer Note No.8)	**3,458,443**	**17,250,634**	–	–
Investments (Refer Note No.7)	–	–	–	**1**
Other financial assets (Refer Note No.9)	**20,865,607**	**1,220,000**	–	–
Trade receivables (Refer Note No.12)	**38,110,017**	–	–	–
Total	**62,434,067**	**18,470,634**	–	**1**
Interest bearing				
Other bank balances (Refer Note No.13)	–	–	–	–
Total	–	–	–	–
31st March, 2016				
Non-interest bearing				
Loans (Refer Note No.8)	9,801,900	37,353,344	–	–
Other financial assets (Refer Note No.9)	11,562,564	47,028	–	–
Trade receivables (Refer Note No.12)	26,281,911	–	–	–
Total	47,646,375	37,400,372	–	–
Interest bearing				
Other bank balances (Refer Note No.13)	325,000	–	–	–
Total	325,000	–	–	–

	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
01st April, 2015				
Non-interest bearing				
Loans (Refer Note No.8)	2,694,000	53,035,079	–	–
Other financial assets (Refer Note No.9)	5,863,619	495,000	–	–
Trade receivables (Refer Note No.12)	24,495,007	–	–	–
Other bank balances (Refer Note No.13)				
Total	33,052,626	53,530,079	–	–
Interest bearing				
Other bank balances (Refer Note No.13)	25,000			
Total	25,000	–	–	–

Note No. 27 : Leases

Operating Lease

The Company has taken office premises/service centres on operating lease. The lease term is on the basis of individual agreements entered into with the landlord, which ranges between 1 to 9 years and may be renewed for a further period based on mutual agreement of the parties.

	As at 31st March, 2017	As at 31st March, 2016	As at 01st April, 2015
Future Non-Cancellable minimum lease commitments not later than one year	**19,365,537**	15,511,756	67,993,708
Later than one year and not later than five years	**11,578,982**	–	23,455,945
Total	**30,944,519**	15,511,756	91,449,653

Expenses recognised in the Statement of Profit and Loss	**Year ended 31st March, 2017**	Year ended 31st March, 2016
Minimum Lease Payments	**68,314,348**	119,556,512

Note No. 28 : Employee benefits

(a) Defined Contribution Plan:

Company's Contribution to provident and other funds Rs. 15,341,972 (Previous year Rs. 14,793,205) has been recognised in the Statement of Profit and Loss under Employee benefits expense.

(b) Defined Benefit Plan:

Gratuity:

The Company has an 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 has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in Other comprehensive income.

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Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Compensated absences

The Company provides for 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.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31st March, 2017	31st March, 2016	01st April, 2015
Discount rate(s)	**6.8%**	7.5%	7.9%
Expected rate(s) of salary increase	**8.0%**	8.0%	8.0%

Defined benefit plans – as per actuarial valuation

	Funded Plan Gratuity	
Particulars	**Year ended 31st March, 2017**	Year ended 31st March, 2016
Amounts recognised in Other comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**2,967,555**	2,449,076
Net interest expense	**25,677**	(121,670)
Components of defined benefit costs recognised in profit or loss	**2,993,232**	2,327,406
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**297,668**	(101,505)
Actuarial gains and loss arising from changes in financial assumptions	**423,645**	177,235
Actuarial gains and loss arising from experience adjustments	**176,403**	64,248
Componenets of defined benefit costs recognised in other comprehensive income	**897,716**	139,978
Total	**3,890,948**	2,467,384
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**10,918,932**	8,081,332
2. Fair value of plan assets as at 31st March	**7,269,290**	7,238,964
3. Surplus/(Deficit)	**(3,649,642)**	(842,368)
4. Non current portion of the above	**(3,649,642)**	(842,368)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**8,081,332**	5,516,061
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**2,967,555**	2,449,076
– Interest Expense (Income)	**564,309**	404,939
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	**423,645**	177,235
ii. Experience Adjustments	**176,403**	64,248
4. Benefit payments	**(1,054,006)**	(530,227)
5. Liabilities assumed/(settled)	**(240,306)**	–
6. Present value of defined benefit obligation at the end of the year	**10,918,932**	8,081,332
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**7,238,964**	7,056,193
2. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**538,632**	526,609
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(297,668)**	101,505
4. Contributions by employer (including benefit payments recoverable)	**843,368**	84,884
5. Benefit payments	**(1,054,006)**	(530,227)
6. Fair value of plan assets at the end of the year	**7,269,290**	7,238,964

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IV. The Major categories of plan assets comprise:

	Insured Managed Funds		Insured Managed Funds	
V. Actuarial assumptions				
1. Discount rate		6.8%		7.5%
2. Expected rate of return on plan assets		6.8%		7.5%
3. Attrition rate	**Age**	**Rate**	**Age**	**Rate**
	21-30	29%	21-30	29%
	31-40	30%	31-40	30%
	41-59	10%	41-59	10%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption		**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2017**	**1.0%**	**(5.46%)**	**6.09%**
	2016	1.0%	(5.32%)	5.91%
	2015	1.0%	(5.18%)	6.07%
Salary growth rate	**2017**	**1.0%**	**5.65%**	**(5.24%)**
	2016	1.0%	5.58%	(5.18%)
	2015	1.0%	5.80%	(5.10%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2017	2016	2015
Expected benefits for year 1	**1,568,236**	1,114,415	780,510
Expected benefits for year 2	**1,644,888**	1,194,649	730,991
Expected benefits for year 3	**1,958,983**	1,304,707	840,657
Expected benefits for year 4	**1,535,278**	1,488,196	983,522
Expected benefits for year 5	**1,286,544**	1,070,117	1,025,981
Expected benefits for year 6	**1,020,467**	857,671	681,005
Expected benefits for year 7	**847,084**	680,518	548,172
Expected benefits for year 8	**851,675**	573,551	443,694
Expected benefits for year 9	**606,040**	571,446	481,677
Expected benefits for year 10 and above	**6,293,707**	4,732,697	3,144,673

Plan Assets

The fair value of Company's pension plan asset by category are as follows:

Asset category:	**As at 31st March, 2017**	As at 31st March, 2016	As at 01st April, 2015
Deposits with Insurance companies	**100%**	100%	100%
	100%	100%	100%

Experience Adjustments :

	Period ended				
	2017	2016	2015	2014	2013
			Gratuity		
1. Defined Benefit Obligation	**10,918,932**	8,081,332	5,516,061	3,851,859	2,550,169
2. Fair value of plan assets	**7,269,290**	7,238,964	7,056,193	7,289,127	4,421,384
3. Surplus/(Deficit)	**(3,649,642)**	(842,368)	1,540,132	3,437,268	1,871,215
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**176,403**	64,248	(76,649)	100,523	(2,383,913)
5. Experience adjustment on plan assets [Gain/(Loss)]	**297,668**	(101,505)	152,784	68,166	31,081

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.

Note No. 29 : Related Party Transactions

Name of the parent Company — Mahindra Holdings Limited (Upto 28th Dec '16, Mahindra & Mahindra Limited)

Details of transaction between the Company and its related parties are disclosed below:

i) List of Related Parties with whom transacted during the year and Relationships :

Name of The Related Party	**Relation**
Mahindra & Mahindra Limited	Ultimate Holding Company (w.e.f. 29th Dec'16)
Mahindra & Mahindra Limited	Holding Company (upto 28th Dec'16)
Mahindra Holdings Limited	Holding Company (w.e.f. 29th Dec'16)
Mahindra Holdings Limited	Fellow Subsidiary Company (upto 28th Dec'16)

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Name of The Related Party	Relation
Auto Digitech Private Limited	Subsidiary Company (w.e.f. 29th Apr'16)
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra First Choice Wheels Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Automobile Distributor Private Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Namaste Private Limited	Fellow Subsidiary Company
Mahindra Emarket limited	Fellow Subsidiary Company
Mahindra Defence Systems Private Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Limited	Fellow Subsidiary Company
Mahindra & Mahindra Ltd-Swaraj Division	Fellow Subsidiary Company
Mahindra Vehicle Manufactures Limited	Fellow Subsidiary Company
Mahindra HZPC Private Limited	Fellow Subsidiary Company
Mahindra Auto Steel Private Limited	Fellow Subsidiary Company
Mahindra Steel Service Centre Limited	Fellow Subsidiary Company
Mahindra Trucks and Buses Ltd	Fellow Subsidiary Company
Mahindra Two Wheelers Limited	Fellow Subsidiary Company
Mahindra Susten Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Joint Venture of Mahindra & Mahindra Limited
Mahindra CIE Automotive Limited	Associate Company of Mahindra & Mahindra Limited
Tech Mahindra Limited	Associate Company of Mahindra & Mahindra Limited
Mr. YVS Vijaykumar (Whole time Director & CEO)	Key Managerial Personnel
Mr. Ramesh S Vaigalathur (Company Secretary)	Key Managerial Personnel

Related party transactions with holding/fellow subsidiaries are as under:

Particulars	For the year ended	Amount
a. Equity contribution to the Company:		
– Mahindra & Mahindra Limited	31st March, 2017	247,000,000
	31st March, 2016	(424,000,000)
– Mahindra Holdings Limited	31st March, 2017	50,000,000
	31st March, 2016	(–)
b. Purchase of Property Plant and Equipment/Capital work in Progress:		
– Mahindra & Mahindra Limited	31st March, 2017	–
	31st March, 2016	(992,843)
– Bristlecone India Limited	31st March, 2017	–
	31st March, 2016	(1,233,000)
c. Sale of Property Plant and Equipment/Other Intangibles:		
– Auto Digitech Private Limited	31st March, 2017	31,768,199
	31st March, 2016	(–)
d. Purchase of Investments in equity shares :		
– Mahindra Holdings Limited	31st March, 2017	1
	31st March, 2016	(–)
e. Income :		
– Mahindra & Mahindra Limited		
Sale of Goods	31st March, 2017	1,137,284
	31st March, 2016	(1,068,815)
Service Income	31st March, 2017	508,460
	31st March, 2016	(466,924)
– Mahindra & Mahindra Financial Services Limited		
Sale of Goods	31st March, 2017	–
	31st March, 2016	(7,894)
Service Income	31st March, 2017	–
	31st March, 2016	(3,808)
– Mahindra Rural Housing Finance Limited		
Sale of Goods	31st March, 2017	77,307
	31st March, 2016	(56,244)
Service Income	31st March, 2017	34,376
	31st March, 2016	(16,917)
– Mahindra Namaste Private Limited		
Rent Income	31st March, 2017	–
	31st March, 2016	(1,000,000)
– Mahindra Automobile Distributor Private Limited		
Interest on Security Deposit	31st March, 2017	14,000
	31st March, 2016	(14,000)
– Mahindra Vehicle Manufactures Ltd		
Sale of Goods	31st March, 2017	26,207
	31st March, 2016	(16,552)
Service Income	31st March, 2017	12,090
	31st March, 2016	(34,148)

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Particulars	For the year ended	Amount
– Mahindra Trucks and Buses Ltd		
Sale of Goods	31st March, 2017	–
	31st March, 2016	(106,216)
Service Income	31st March, 2017	–
	31st March, 2016	(35,274)
– Mahindra HZPC Private Limited		
Sale of Goods	31st March, 2017	7,144
	31st March, 2016	(3,476)
Service Income	31st March, 2017	11,102
	31st March, 2016	(4,817)
– Mahindra & Mahindra Ltd–Swaraj Division		
Sale of Goods	31st March, 2017	154,647
	31st March, 2016	(85,031)
Service Income	31st March, 2017	176,358
	31st March, 2016	(56,265)
– Mahindra Auto Steel Private Limited		
Sale of Goods	31st March, 2017	4,848
	31st March, 2016	(6,521)
Service Income	31st March, 2017	3,355
	31st March, 2016	(5,288)
– Auto Digitech Private Limited		
Recovery of expenses in respect of shared services	31st March, 2017	23,531,925
	31st March, 2016	(–)
Reimbursement of expenses	31st March, 2017	8,751,463
	31st March, 2016	(–)
– Mahindra Steel Service Centre Limited		
Sale of Goods	31st March, 2017	–
	31st March, 2016	(39,182)
Service Income	31st March, 2017	–
	31st March, 2016	(62,625)
– Mahindra Two Wheelers Limited		
Sale of Goods	31st March, 2017	–
	31st March, 2016	(29,807)
Service Income	31st March, 2017	–
	31st March, 2016	(22,644)
– Tech Mahindra Limited		
Sale of Goods	31st March, 2017	–
	31st March, 2016	(6,524)
Service Income	31st March, 2017	–
	31st March, 2016	(17,187)

Particulars	For the year ended	Amount
– Mahindra CIE Automotive Limited		
Sale of Goods	31st March, 2017	–
	31st March, 2016	(37,949)
Service Income	31st March, 2017	–
	31st March, 2016	(19,026)
f. Expenses:		
– Mahindra & Mahindra Limited		
Rent	31st March, 2017	2,319,723
	31st March, 2016	(1,939,467)
Professional Charges	31st March, 2017	2,211,491
	31st March, 2016	(615,126)
Professional Charges (IT/ Training/Internal Audit fees)	31st March, 2017	29,845,946
	31st March, 2016	(19,280,459)
Other Expenses (Guest House, Vehicle Insurance/Staff Welfare)	31st March, 2017	1,742,197
	31st March, 2016	(457,553)
Purchase of Goods	31st March, 2017	1,088,258
	31st March, 2016	(89,091)
– Bristlecone India Limited		
Professional Charges	31st March, 2017	5,504,496
	31st March, 2016	(2,776,032)
– Mahindra Logistics Limited		
Hire Charges	31st March, 2017	–
	31st March, 2016	(3,466,517)
– Mahindra Integrated Business Solutions Private Limited		
Professional Charges	31st March, 2017	2,079,092
	31st March, 2016	(511,020)
– Mahindra First Choice Wheels Limited		
Rent	31st March, 2017	4,762,135
	31st March, 2016	(6,347,161)
Promotional & Synergy Activities	31st March, 2017	–
	31st March, 2016	(479,000)
– Mahindra Automobile Distributor Private Limited		
Purchase of Goods	31st March, 2017	206,339
	31st March, 2016	(786,446)
– Mahindra Holiday & Resorts India Limited		
Purchase of gift coupons	31st March, 2017	20,000
	31st March, 2016	(–)
– Mahindra Emarket limited		
Commission	31st March, 2017	5,105
	31st March, 2016	(–)
– NBS International Limited		
Purchase of Goods	31st March, 2017	99,490
	31st March, 2016	(56,779)
Registration Expenses	31st March, 2017	7,000
	31st March, 2016	(359,463)

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Particulars	For the year ended	Amount
– Mahindra Defence Systems Private Limited		
Purchase of Goods	31st March, 2017	85,112
	31st March, 2016	(–)
– Tech Mahindra Limited		
Support Services	31st March, 2017	1,256,400
	31st March, 2016	(–)
g. Outstanding :	**As at**	
Trade Receivables		
– Mahindra & Mahindra Limited	31st March, 2017	437,891
	31st March, 2016	(204,641)
	01st April, 2015	(171,018)
– Mahindra & Mahindra Ltd– Swaraj Division	31st March, 2017	11,593
	31st March, 2016	(101,626)
	01st April, 2015	(–)
– Mahindra Rural Housing Finance Limited	31st March, 2017	–
	31st March, 2016	(65,014)
	01st April, 2015	(–)
– Auto Digitech Pvt Ltd	31st March, 2017	12,777,109
	31st March, 2016	(–)
	01st April, 2015	(–)
– Mahindra & Mahindra Financial Services Limited	31st March, 2017	–
	31st March, 2016	(–)
	01st April, 2015	(10,894)
Advances for supply of goods and services		
– Mahindra Automobile Distributor Private Limited	31st March, 2017	9,594
	31st March, 2016	(186,031)
	01st April, 2015	(257,175)
– Mahindra & Mahindra Limited	31st March, 2017	130,551
	31st March, 2016	(584,771)
	01st April, 2015	(–)
Trade Payables		
– Mahindra & Mahindra Limited	31st March, 2017	27,876,218
	31st March, 2016	(8,131,628)
	01st April, 2015	(15,811,982)
– Mahindra First Choice Wheels Limited	31st March, 2017	3,302,427
	31st March, 2016	(538,875)
	01st April, 2015	(746,518)
– Mahindra Integrated Business Solutions Private Limited	31st March, 2017	1,879,013
	31st March, 2016	(45,792)
	01st April, 2015	(55,286)
– Mahindra Holiday & Resorts India Limited	31st March, 2017	–
	31st March, 2016	(38,859)
	01st April, 2015	(38,859)
– NBS International	31st March, 2017	34,894
	31st March, 2016	(20,719)
	01st April, 2015	(–)
– Mahindra Defence Systems Private Limited	31st March, 2017	25,200
	31st March, 2016	(–)
	01st April, 2015	(–)
– Tech Mahindra Limited	31st March, 2017	254,100
	31st March, 2016	(–)
	01st April, 2015	(–)
– Bristlecone India Limited	31st March, 2017	–
	31st March, 2016	(–)
	01st April, 2015	(554,850)
– Mahindra Susten Private Limited	31st March, 2017	–
	31st March, 2016	(–)
	01st April, 2015	(166,934)
Closing balance of deposit paid :		
– Mahindra First Choice Wheels Limited	31st March, 2017	2,639,740
	31st March, 2016	(2,639,740)
	01st April, 2015	(6,239,740)
– Mahindra Automobile Distributor Private Limited	31st March, 2017	200,000
	31st March, 2016	(200,000)
	01st April, 2015	(200,000)

Notes : Figures in brackets are the corresponding figures in respect of the previous year.

ii) The related party transactions with key management personnel are as under :

a) With Key Management personnel Mr. YVS Vijaykumar Rs. 9,300,000 (Previous year Rs. 8,400,000), to Mahindra & Mahindra Limited as Deputation charges.

b) With Key Managerial Personnel - Company Secretary, Ramesh Subramanian Vaigalathur Rs.1,125 (previous year Rs. 331,895), paid to Mahindra & Mahindra Limited as Secretarial support services.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Note No. 30 : First time adoption of IND AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March 2016 and 01st April 2015:

Particulars	Notes	As at 31st March, 2016	As at 01st April, 2015
Equity as reported under previous GAAP		85,982,293	333,486,005
Ind AS: Adjustments for increase (decrease):			
(i) Discounting of Lease Deposit	a	(215,414)	(215,414)
(ii) Reversal of Rent SLM Entry F-15	b	1,525,062	1,525,062
(iii) Reversal of Rent SLM Entry F-16	b	(1,249,071)	–
(iv) Fair Valuation of Stock Appreciation Rights F-15	c	(5,258,015)	(5,258,015)
(v) Additional provision for Stock Appreciation Rights as per Fair valuation in F-16	c	(43,744,000)	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Particulars	Notes	As at 31st March, 2016	As at 01st April, 2015
(vi) Interest Income on amortisation of Lease Deposit	a	2,786,728	–
(vii) Interest Expense on amortisation of Prepaid Rent	a	(2,636,221)	–
Equity as reported under IND AS		37,191,362	329,537,638

(ii) Reconciliation of Total comprehensive income for the year ended 31st March, 2016:

Particulars	Notes	Year ended 31st March, 2016
Profit/(Loss) as per previous GAAP		(671,503,712)
Ind AS: Adjustments increase (decrease):		
(i) Rent expenses recognized during the year for amortised lease deposits	a	(2,636,221)
(ii) Interest income recognized during the year for amortised lease deposits	a	2,786,728
(iii) Reversal of Rent SLM Impact	b	(1,249,071)
(iv) Additional provision for SARs as per Fair valuation in F-16	c	(43,744,000)
(v) Remeasurements of the defined benefit liabilities/(asset)	d	139,978
Total adjustment to profit or loss		(44,702,586)
Profit or Loss under Ind AS		(716,206,298)
Other comprehensive income		(139,978)
Total comprehensive income under Ind AS		(716,346,276)

(iii) Material adjustments to the Statement of Cash Flows

Particulars	Year ended 31st March, 2016 Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(387,185,831)	–	(387,185,831)
Net cash flows from investing activities	(24,434,599)	–	(24,434,599)
Net cash flows from financing activities	424,000,000	–	424,000,000
Net increase (decrease) in cash and cash equivalents	12,379,570	–	12,379,570
Cash and cash equivalents at beginning of period	56,148,698	–	56,148,698
Cash and cash equivalents at end of period	68,528,268	–	68,528,268

Notes to the reconciliations

a) Under previous GAAP, security deposits given were carried at transaction value. Under IND AS, these deposits are to be measured at fair value i.e. discounted cash flow basis. The difference between the transaction value and the fair value is expensed over the non cancellable period of the contract. The net effect of these changes is a decrease in total equity as at 31st March, 2016 by Rs. 64,906. (Rs 215,414 as at 01st April, 2015) and decrease in loss of Rs. 150,508 for the year ended 31st March, 2016.

b) Under previous GAAP, lease rental were accounted on straight line basis. Under IND AS, if the escalation rate is in line with inflation rate then, accounting on straight line basis is not required. Hence the effect of the same is reversed. The net effect of these changes is an increase in total equity as at 31st March, 2016 by Rs. 275,991. (Rs 1,525,062 as at 01st April, 2015) and increase in loss of Rs. 1,249,071 for the year ended 31st March, 2016.

c) Under previous GAAP, liability for stock appreciation rights was required to be measured as per intrinsic value. Under IND AS liability is required to be measured at fair value. The net effect of these changes is a decrease in total equity as at 31st March, 2016 by Rs. 49,002,015. (Rs. 525,8015 as at 01st April, 2015). and increase in loss of Rs. 43,744,000 for the year ended 31st March, 2016.

d) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under IND AS the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income under IND AS instead of profit or loss. The actuarial loss for the year ended 31st March, 2016 was Rs. 139,978. This change does not affect total equity, but there is decrease in profit of Rs. 139,978 for the year ended 31st March, 2016.

Note No. 31 : Current tax and Deferred tax

(i) Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Deductible Temporary differences (will never expire)	**262,861,509**	216,904,088	166,822,316
Unused Tax losses (revenue in nature)	**2,208,697,950**	1,848,016,640	1,337,074,499
Total	**2,471,559,459**	2,064,920,728	1,503,896,815

The unrecognised tax losses carried forward expire as follows:

Expiry Year	**As at 31st March 2017**	As at 31st March 2016	As at 01st April 2015
Financial year 2016-17	**–**	31,977,374	31,977,374
Financial year 2017-18	**46,212,676**	46,212,676	46,212,676
Financial year 2018-19	**91,094,607**	91,094,607	91,094,607
Financial year 2019-20	**134,160,560**	134,160,560	134,160,560
Financial year 2020-21	**208,939,473**	208,939,473	208,939,473
Financial year 2021-22	**370,980,311**	370,980,311	370,980,311
Financial year 2022-23	**453,709,498**	453,709,498	453,709,498
Financial year 2023-24	**510,942,141**	510,942,141	–
Financial year 2024-25	**392,658,684**	–	–
Total	**2,208,697,950**	1,848,016,640	1,337,074,499

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows :

Particulars		**Year ended 31st March 2017**	Year ended 31st March 2016
Loss before tax from continuing operations		**(454,501,890)**	(716,206,298)
Income tax expense calculated at 30.90%	A	**(140,441,084)**	(221,307,746)
Effect of expenses that is non-deductible in determining taxable profit		**9,892,826**	34,135,168
Effect of unused tax losses for which no deferred tax asset is recognised		**(130,548,258)**	(187,172,578)
	B	**(140,441,084)**	(221,307,746)
Income tax expense recognised in profit or loss (A-B)		**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Note No. 32 : Contingent liabilities and commitments

(1) Contingent Liabilities

The company had filed an appeal against demand notice issued by Maharashtra VAT authorities for the year 2008-09. The appeal is pending as on 31st March, 2017. The details of tax dues which have not been deposited as on 31st March, 2017, on account of disputes are given below-

Name of Statute	Forum where dispute is pending	Year	Amount in Rs.
MVAT Act, 2002	Dy. Commissioner of Sales Tax - Appeals	2008-09	522,564

(2) Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2017 is Rs. 1,886,632/- (Previous year Rs. 4,753,666/-).

Note No. 33 : Going Concern Note

The accumulated losses of the Company amounted to Rs. 2,761,208,244/- have far exceeded it's paid up equity share capital by Rs. 121,208,244/- and consequently the net worth has been eroded. The Company as per its strategy is expanding its network rapidly through the franchise route. Currently, the Company has 272 franchises and expects to increase 205 franchisees in financial year 2017-18 and further expects to increase 147 franchisees in the financial year 2018-19. There is a major thrust on MFCS branded spares business where the spares would be sold directly to the distributors. As a result, the Company expects to grow further in the coming years in terms of volume and revenue. The Company has financial support from the Holding Company and has during the year received an amount of Rs. 297,000,000 towards equity share capital. Further, the funding requirement of the Company as per the revised business plan has been approved by the holding Company and the Company has subsequent to year end obtained a sanction from a bank for a loan of Rs. 250,000,000. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Note No. 34 : Additional Disclosures

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	**2,004,517**	541,313
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	**9,598**	17,725
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.

(ii) Assets held for sale

During the year the company has closed operations at 11 (Previous year 14) of its COCO outlets. The fixed assets at the closed outlets have been sold/ held for sale. The fixed assets held for sale as at the year end have been impaired and measured at the lower of carrying amount and fair value less costs to sell, based on expected selling price/an independent valuation report by using the Replacement Method i.e. by comparing present market price of similar machinery/net value realised subsequently. This is a level 2 measurement as per the fair value hierarchy set out in the accounting policy for fair value measurement [Note 2 (a)]. The aggregate net written down value of these assets are shown below and have been eliminated from the respective class of assets in Note 5.

	Assets held for sale as on		
Particulars	31st March, 2017	31st March, 2016	01st April, 2015
Plant and equipment	**2,243,590**	7,731,004	3,915,129
Furniture and fixtures	**21,692**	888,849	176,737
Vehicles	**–**	14,717	–
Office Equipment	**134,718**	547,574	195,032
Improvement to leasehold premises	**–**	2,790,482	793,556
Computers	**–**	70,779	213,000
Total	**2,400,000**	12,043,405	5,293,454

(iii) Operating Segments

As the Company's business activity falls within a single business segment viz. 'providing/facilitating multi-brand car services', and the services being provided in the domestic market, the disclosure requirements of IND AS - 108 "Operating Segment", are not applicable.

(iv) Expenditure in foreign currency

Expenditure in foreign currency on account of :	Year ended 31st March, 2017	Year ended 31st March, 2016
Professional and consultation fees	**307,874**	–
	307,874	–

(v) Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs	Other Denominations	Total
	Amount	Amount	Amount
Closing cash in hand as on 08.11.2016	373,500	619,116	992,616
(+) Permitted receipts	–	126,431	126,431
(+) Withdrawal from Bank Accounts	–	5,681,000	5,681,000
(–) Permitted payments	–	5,543,469	5,543,469
(–) Amount deposited in Banks	373,500	99,461	472,961
Closing cash in hand as on 30.12.2016	–	783,617	783,617

(vi) During the year, the Management of the Company noticed misappropriation of funds and inventory by three employees. An amount of Rs. 42.64 lakhs has been ascertained as recoverable out of which Rs. 35.07 lakhs has since been recovered. The Management is taking steps to recover the balance amount of Rs.7.58 lakhs. The Management is investigating the cases and appropriate action would be taken against these persons.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

Note No. 35 : Fair Value Measurement

(a) Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2017 Carrying Amount	31st March, 2017 Fair Value	31st March, 2016 Carrying Amount	31st March, 2016 Fair Value	01st April, 2015 Carrying Amount	01st April, 2015 Fair Value
Financial Assets						
Financial Assets carried at amortised cost						
Non-current Assets						
Investments	**1**	**1**	–	–	–	–
Loans	**17,250,634**	**17,250,634**	37,353,344	37,353,344	53,035,079	53,035,079
Other Financial Assets						
– Bank deposits with more than 12 months maturity	**1,220,000**	**1,220,000**	47,028	47,028	495,000	495,000
Current Assets						
Trade Receivables	**38,110,017**	**38,110,017**	26,281,911	26,281,911	24,495,007	24,495,007
Cash & cash equivalents	**18,212,280**	**18,212,280**	68,528,268	68,528,268	56,148,698	56,148,698
Other Bank Balances	**–**	**–**	325,000	325,000	25,000	25,000
Loans	**3,458,443**	**3,458,443**	9,801,900	9,801,900	2,694,000	2,694,000
Other Financial Assets						
– Interest accrued on Bank deposits	**14,868**	**14,868**	13,120	13,120	7,961	7,961
– Unbilled revenue	**2,438,008**	**2,438,008**	9,807,965	9,807,965	5,855,658	5,855,658
– Other receivables	**18,412,731**	**18,412,731**	1,741,479	1,741,479	–	–
Financial Liabilities						
Financial Instruments not carried at Fair Value						
Non-current Liabilities						
Trade Payables	**12,155,812**	**12,155,812**	18,845,183	18,845,183	5,258,015	5,258,015
– Deposits received from franchises	**105,203,977**	**105,203,977**	32,320,000	32,320,000	9,430,000	9,430,000
Current Liabilities						
Trade Payables	**187,091,294**	**187,091,294**	224,556,709	224,556,709	98,039,425	98,039,425
Other Financial Liabilities						
– Earnest money and other deposits	**17,399,989**	**17,399,989**	25,300,006	25,300,006	7,310,850	7,310,850
– Deposits received from distributors	**2,429,132**	**2,429,132**	1,085,000	1,085,000	–	–
– Deposits received from franchises	**–**	**–**	840,000	840,000	–	–
– Payables on purchase of fixed assets	**2,190,122**	**2,190,122**	4,455,732	4,455,732	2,382,962	2,382,962

Fair Value Hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Assets carried at amortised cost				
Non-current Assets				
Loans	**–**	**17,250,634**	**–**	**17,250,634**
Other Financial Assets				
– Bank deposits with more than 12 months maturity	**–**	**1,220,000**	**–**	**1,220,000**
Current Assets				
Trade Receivables	**–**	**38,110,017**	**–**	**38,110,017**
Cash & cash equivalents	**–**	**18,212,280**	**–**	**18,212,280**
Other Bank Balances	**–**	**–**	**–**	**–**
Loans	**–**	**3,458,443**	**–**	**3,458,443**
Other Financial Assets				
– Interest accrued on Bank deposits	**–**	**14,868**	**–**	**14,868**
– Unbilled revenue	**–**	**2,438,008**	**–**	**2,438,008**
– Other receivables	**–**	**18,412,731**	**–**	**18,412,731**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

All Amounts are in INR unless otherwise stated

	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Financial Instruments not carried at Fair Value				
Non-current Liabilities				
– Deposits received from franchises	–	**105,203,977**	–	**105,203,977**
Current Liabilities				
Trade Payables	–	**187,091,294**	–	**187,091,294**
Other Financial Liabilities				
– Earnest money and other deposits	–	**17,399,989**	–	**17,399,989**
– Deposits received from distributors	–	**2,429,132**	–	**2,429,132**
– Deposits received from franchises	–	–	–	–
– Payables on purchase of fixed assets	–	**2,190,122**	–	**2,190,122**

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer
Place : Mumbai
Date : 2nd May 2017

V S Ramesh
Company Secretary

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 Rupees
Sl. No.	**Particulars**	**Details**
1.	Name of the subsidiary	Auto Digitech Private Limited
2.	Date of acquisition of subsidiary	29th April, 2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2017
4(a)	Reporting currency	"Indian Rupee".
4(b)	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	–
5.	Share capital	1,00,000
6.	Reserves & surplus	26,48,281
7.	Total assets	3,87,86,085
8.	Total Liabilities	3,60,37,804
9.	Investments	–
10.	Turnover	82,700
11.	Profit/(Loss) before taxation	(4,98,09,245)
12.	Provision for taxation	–
13.	Profit/(Loss) after taxation	(4,98,09,245)
14.	Proposed Dividend	–
15.	% of shareholding	100%

Additional Information:

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 & JOINT VENTURES : None

1) Names of associates or joint ventures which are yet to commence operations : Nil

2) Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Whole Time Director and CEO
DIN No : 03588223

V. Rajan
Chief Financial Officer

V. S. Ramesh
Company Secretary

Place : Mumbai
Date : 2nd May 2017

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 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue	**9,054.23**	5,215.22
(Loss)/Profit before Interest, Depreciation and Tax	**(1,812.09)**	(1,595.24)
Less : Depreciation	**272.95**	199.43
(Loss)/Profit before Interest and Tax	**(2,085.04)**	(1,794.67)
Add : Interest Income (Net)	**479.18**	660.98
(Loss)/Profit before Tax	**(1,605.87)**	(1,133.69)
Provision for Tax	**–**	–
(Loss)/Profit for the year	**(1,605.87)**	(1,133.69)
(Loss) brought forward from earlier years	**(11,743.83)**	(10,603.38)
Less: Adjustment of WDV of Fixed Assets whose useful life is NIL (as at start of year) based on the revised depreciation requirements of the Companies Act, 2013	**–**	–
(Loss) carried to Balance Sheet	**(1,616.02)**	(1,140.44)
Net Worth	**5,431.91**	7,062.15

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 year under review, the Company registered a growth in Revenue of 74% over the previous year. All areas of business have registered a good growth in the year under review. Franchise business expanded its network substantially with a presence all over the country. The channel continues to exhibit a healthy growth in revenues through its offerings like warranty, road side assistance, vehicle procurement assistance services etc. However, planned spends in manpower recruitment, marketing and sales promotion with an eye on the future have resulted in the Company incurring a loss of Rs. 1,616.02 lakhs during the year.

The Company's online business also witnessed good growth during the financial year. While the used vehicle valuation services have been well received by the market, the online price guide too has gained significant acceptance from leading market players. The pre-insurance business, the new space in which the Company entered in the last year, has also performed as per expectations and has been leveraged for delivering varied services across the country through the service provider network.

The IBB website continues to receive tremendous traction and the Company is focused on improving customer experience on the website through calibrated marketing spends.

The Company continues to focus on driving synergies between its online and physical business for long term sustainable growth through hybrid business model.

DIVIDEND

In view of the accumulated losses, your Directors do not recommend dividend for the year under review.

OUTLOOK FOR THE CURRENT YEAR

In the current year, the Company plans to continue expanding its franchisee network while strengthening its service offerings. The online business would continue to innovate on technology based products to drive growth. The pre-inspection business network would also be leveraged to maximize reach, while YMS solution would be offered to more customers.

SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 90 crore and the Paid Up Share Capital of the Company is Rs. 76.87 crore comprising of 7,68,72,920 Equity Shares of Rs. 10/- each. The shares held by Mahindra and Mahindra Limited were transferred to Mahindra Holdings Limited on 26th December, 2016, pursuant to which the Company has become a subsidiary of Mahindra Holdings Limited with effect

from the said date. Mahindra Holdings Limited is a wholly-owned subsidiary of Mahindra and Mahindra Limited, therefore Mahindra and Mahindra Limited continues to be the ultimate Holding Company of the Company.

BOARD OF DIRECTORS

Composition:

Sr. No.	Name of Director & DIN	Designation	Executive/Non -Executive	Independent/ Non Independent
1.	Mr. Anand Mahindra (DIN: 00004695)	Chairman	Non-Executive	Non Independent
2.	Mr. Sanjay Labroo (DIN: 00009629)	Director	Non-Executive	Non Independent
3.	Mr. Rajeev Dubey (DIN: 00104817)	Director	Non-Executive	Non Independent
4.	Ms. Sangeeta Talwar (DIN: 00062478)	Director	Non-Executive	Independent
5.	Mr. Ramesh Iyer (DIN: 00220759)	Director	Non-Executive	Non Independent
6.	Mr. Anupam Thareja (DIN: 01091533)	Director	Non-Executive	Non Independent
7.	Mr. Padmanabhan Sivaram (DIN: 00066864)	Director	Non-Executive	Non Independent
8.	Dr. Pawan Goenka (DIN: 00254502)	Director	Non-Executive	Non Independent
9.	Mr. Narendra Mairpady (DIN: 00536905)	Director	Non-Executive	Independent
10.	Dr. Nagendra Palle (DIN: 06964686)	Managing Director	Executive	Non Independent
11.	Mr. Joseph Luppino (DIN: 07354949)	Director	Non-Executive	Non Independent
12.	Mr. Rajesh Jejurikar (DIN: 00046823)	Director	Non-Executive	Non Independent
13.	Christopher Hansen (DIN: 07189662)	Director	Non-Executive	Non Independent

In view of provisions of Section 167(1)(b) of the Companies Act, 2013 Mr. Christopher Hansen ceased to be a Director of the Company with effect from 29th July, 2016. He was re-appointed as an Additional Director of the Company with effect from 25th October, 2016 to hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, along with the necessary deposit, proposing the candidature of Mr. Christopher Hansen for his appointment as Director at the ensuing Annual General Meeting.

Mr. Narendra Mairpady and Ms. Sangeeta Talwar, Independent Directors of your Company have furnished declarations confirming that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

Mr. Rajeev Dubey, Mr. P. Sivaram and Dr. Pawan Goenka are liable to retire by rotation at the ensuing 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.

MEETINGS

The Board of Directors met five times during the year under review viz., on 28th April, 2016, 27th July, 2016, 25th October, 2016, 25th January, 2017 and 23rd March, 2017. 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	Number of Board Meetings Attended during the year.
Mr. Anand Mahindra	1
Mr. Sanjay Labroo	1
Mr. Rajeev Dubey	5
Ms. Sangeeta Talwar	4
Mr. Ramesh Iyer	2
Mr. Anupam Thareja	2
Mr. Padmanabhan Sivaram	1
Dr. Pawan Goenka	3
Mr. Narendra Mairpady	5
Dr. Nagendra Palle	4
Mr. Joseph Luppino	2
Mr. Rajesh Jejurikar	3
Mr. Christopher Hansen*	–

** In view of provisions of Section 167(1)(b) of the Companies Act, 2013, Mr. Christopher Hansen ceased to be Director with effect from 29th July, 2016 and was appointed as an Additional Director with effect from 25th October, 2016.*

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:

(a) in the preparation of the annual accounts, the applicable accounting standards have 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 31st March, 2017 and of the loss 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.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, of its Committees and of the Directors individually (including Independent Directors). Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from the Directors.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met once on 28th December, 2016 during the year without the presence of the Chairman or Managing 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, 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 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. Narendra Mairpady (Chairman), Ms. Sangeeta Talwar & Mr. Ramesh Iyer as its Members.

The Audit Committee met twice during the financial year under review viz.;on 28th April, 2016 and 25th January, 2017.

The attendance at the meetings of Audit Committee was as follows:

Director	Designation	No. of meetings attended
Mr. Narendra Mairpady	Chairman	2
Ms. Sangeeta Talwar	Member	2
Mr. Ramesh Iyer	Member	1

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Rajeev Dubey (Chairman), Mr. Narendra Mairpady and Ms. Sangeeta Talwar 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 thrice viz.; on 28th April, 2016, 25th October, 2016 and 25th January, 2017 during the year under review.

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

Director	Designation	No. of meetings attended
Mr. Rajeev Dubey	Chairman	3
Mr. Narendra Mairpady	Member	3
Ms. Sangeeta Talwar	Member	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 does not have a CSR policy.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Raju Bamane ceased to be the Company Secretary of the Company with effect from 25th May, 2016. Ms. Pinky Dutta was appointed as Company

Secretary being Key Managerial Personnel of the Company with effect from 25th October, 2016 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 other Key Managerial Personnel of the Company are Dr. Nagendra Palle, Managing Director and Mr. V. Janakiraman, Chief Financial Officer.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

In terms of section 139 of the Companies Act, 2013 an Auditor who has completed two terms of 5 consecutive years is not eligible to be re-appointed as an Auditor in the same Company for 5 years from completion of his term.

The existing statutory Auditors of the Company, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants have completed the maximum tenure as Statutory Auditors of the Company as provided under the Companies Act, 2013 and relevant rules thereunder.

Your Directors recommend the appointment of M/s. B S R & Co. LLP (Firm Registration No. 101248W/W-100022) as Auditors of the Company in place of retiring auditors M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) for a period of 5 years subject to ratification at every 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. B S R & Co LLP., Chartered Accountants, to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint M/s. B S R & Co LLP as Statutory Auditors for a period of 5 years to hold office from the conclusion of forthcoming AGM till the conclusion of 28th AGM and fix their remuneration.

The Auditors' Report for the year under review does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS

Your Directors have appointed M/s. MMJC & Associates LLP, Company Secretaries to conduct secretarial audit for the financial year 2017-18.

In terms of provisions of sub section 1 of Section 204 of the Companies Act, 2013, the Company has annexed with this Report as Annexure II, a Secretarial Audit Report in prescribed Form MR 3 given by M/s. Makarand M. Joshi & Co. for the year under review.

The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

REPORTING ON FRAUDS BY AUDITOR

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.

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 in Annexure III to 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.

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 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 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 the 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 the Companies Act, 2013 are furnished in Form AOC – 2 as Annexure V which 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 VI which forms part of this Report.

EMPLOYEES STOCK OPTION SCHEME ("ESOS")

Your Company has formulated two Employees Stock Option Scheme viz; Employees Stock Option Scheme 2010 and Employees Stock Option Scheme 2015 for the benefit of employees of the Company. During the year under review, the Company granted 4,09,244 Stock Options to the employees under the aforesaid Schemes.

Details of the shares vested, exercised and issued under the aforesaid Scheme, as also disclosures in compliance with Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in the Annexure VII 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. 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 an oversight of the internal control systems.

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.

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 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 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

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

ANNEXURE I 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 First Choice Wheels 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 sprit 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 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:

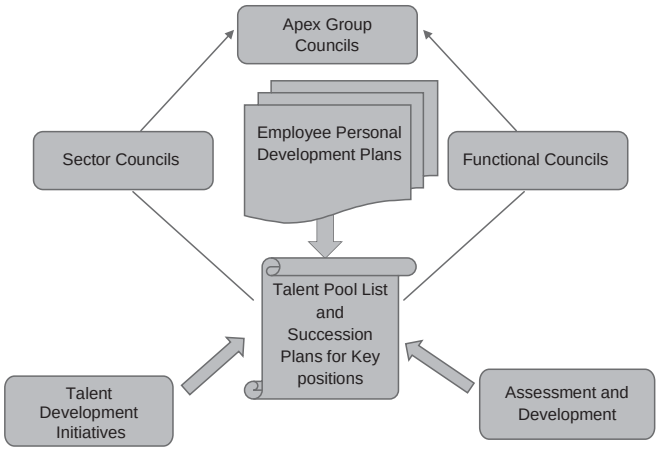
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

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 laddered approach.

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 First Choice Wheels Ltd.

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 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 Managing Director, Chief Financial Officer (CFO), Company Secretary (CS) & other Key Management personnel, if any, shall be finalised/revised either by any Director or such other person as may be authorized 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.

For and on behalf of the Board

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MR. 3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra First Choice Wheels Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra First Choice Wheels 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 31st March, 2017 ('Audit Period') 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 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(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 Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings

(v) 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 not applicable to the Company during the Audit Period)

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, 1992/2015 **(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)**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 and its amendments notified on 18th September, 2015 **(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)**

(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)** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company);**

(vi) As identified, no law is specifically applicable to the company.

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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not Applicable to the Company).**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

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 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 at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

For Makarand M. Joshi & Co

Kumudini Paranjape
Partner
FCS No. 6667
CP No. 6690

Place: Mumbai
Date: 28th April, 2017

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 First Choice Wheels Limited
Mahindra Towers, P.K. Kurne Chowk
Worli, Mumbai - 400018

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 Makarand M. Joshi & Co.

Kumudini Paranjape
Partner
FCS No. 6667
CP No. 6690

Place: Mumbai
Date: 28th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORTS FOR THE YEAR ENDED 31ST MARCH, 2017

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:

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:

Foreign exchange earnings and outgo during the year under review are as follows:

(Rupees in lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Foreign Currency Earnings	**11.98**	1.13
Foreign Exchange Outgo	**7.78**	5.70

For and on behalf of the Board

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

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 Loans:

Sr. No.	Date of making loan	Details of Borrower	Amount (in Rs.)	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Rate of Interest
Loans Given:						
1	29.04.2016	HDFC Ltd.	1,00,00,000	Working Capital	365 days	8%
2	31.03.2017	HDFC Ltd.	20,00,00,000	Working Capital	365 days	7%
3	07.04.2016	HDFC Ltd.	5,10,00,000	Working Capital	365 days	8%
4	20.04.2016	HDFC Ltd.	2,70,00,000	Working Capital	365 days	8%

For and on behalf of the Board

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

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: 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 & Mahindra Financial Services Limited (Fellow Subsidiary)	Commission for facilitating sale of used car on e-platform and fees for used vehicle Valuation Services, YMS software	Continuing	Facilitating sale of used cars on e-platform and providing used vehicle valuation service at prevailing market rates and use of YMS software Rs. 918.67 Lakhs	Not Applicable	–

Note: For the purpose of materiality, the following criteria has been considered:

- 10% of the 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 goods or materials.
- 10% of the 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 off or buying property of any kind.
- 10% of the Net worth of the Company or 10% of the turnover of the Company, 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 the 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

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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:-	U64200MH1994PLC083996
ii)	Registration Date	22/12/1994
iii)	Name of the Company	MAHINDRA FIRST CHOICE WHEELS 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	Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. Tel: +9122 24905633 | Fax: +9122 24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel.: 040-67162222 Fax.: 040-23001153 Email id: einward.ris@karvy.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/ service	% to total turnover of the Company
1	Franchise business	77400	38.36%
2	Vehicle Pre-inspection and Valuation Services	71200	29.74%
3	Facilitating Sale of used vehicles on commission basis.	45102	11.48%

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 Holdings Limited* Mahindra Towers, P. K. Kurne Chowk, Worli Mumbai MH 400018	U65993MH2007PLC175649	HOLDING	46.76%	2(46)
2.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	ULTIMATE HOLDING	–	2(46)

* with effect from 26th December, 2016.

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	
A. Promoters									
(1) Indian									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	3,35,96,424**	3,35,96,424**	43.70%	3,35,96,424	23,53,208***	3,59,49,626**	46.76%	3.06%
e) Any Other…		–	–	–	–	–	–	–	–
Sub-total A (1):-	–	**3,35,96,424****	**3,35,96,424****	**43.70%**	**3,35,96,424**	**23,53,208*****	**3,59,49,626****	**46.76%**	3.06%
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/ FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter(A)=(A)(1)+(A)(2)	–	**3,35,96,424****	**3,35,96,424****	**43.70%**	**3,35,96,424**	**23,53,208*****	**3,59,49,626****	**46.76%**	3.06%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/ FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (Trust)	–	**30,28,067**	**30,28,067**	**3.94%**	–	**30,28,067**	**30,28,067**	**3.94%**	–
Sub-total (B)(1):-	–	**30,28,067**	**30,28,067**	**3.94%**	–	**30,28,067**	**30,28,067**	**3.94%**	–
2. Non-Institutions									
a) Body Corp.									
(i) Indian	–	1,99,66,753	1,99,66,753	25.97%	–	1,95,18,687	1,95,18,687	25.39%	0.58%
(ii) Overseas	–	1,71,13,727	1,71,13,727	22.26%	–	1,71,13,727	1,71,13,727	22.26%	–
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	–	31,67,949	31,67,949	4.12%	–	12,62,813	12,62,813	1.64%	2.48%
Sub-total (B)(2):-	–	**4,02,48,429**	**4,02,48,429**	**52.36%**	–	**3,78,95,227**	**3,78,95,227**	**49.30%**	3.06%
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	**4,32,76,496**	**4,32,76,496**	**56.30%**		**4,09,23,294**	**4,09,23,294**	**53.24%**	**3.06%**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**7,68,72,920**	**7,68,72,920**	**100%**	**3,35,96,418**	**4,32,76,502**	**7,68,72,920**	**100%**	–

** Includes 6 shares held by nominees of Mahindra and Mahindra Limited jointly with Mahindra and Mahindra Limited

*** Includes 6 shares held by nominees of Mahindra Holdings Limited jointly with Mahindra Holdings 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.	Mahindra & Mahindra Ltd.	3,35,96,418	43.70%	–	–	–	–	–
2.	Mahindra Holdings Limited	–	–	–	3,59,49,620	46.76%	–	46.76%
3.	Mahindra & Mahindra Limited jointly with Mr. M.A. Nazareth**	1	0.00%	–	–	–	–	–
4.	Mahindra Holdings Limited jointly with Mr. M.A. Nazareth***	–	–	–	1	0.00%	–	0.00%
5.	Mahindra & Mahindra Limited jointly with Mr. Ulhas N. Yargop**	1	0.00%	–	–	–	–	–
6.	Mahindra Holdings Limited jointly with Mr. Ulhas N. Yargop***	–	–	–	1	0.00%	–	0.00%
7.	Mahindra & Mahindra Limited jointly with Mr. Bharat N. Doshi**	1	0.00%	–	–	–	–	–
8.	Mahindra Holdings Limited jointly with Mr. K. Chandrasekar***	–	–	–	1	0.00%	–	0.00%
9.	Mahindra & Mahindra Limited jointly with Mr. Bakul P. Sheth**	1	0.00%	–	–	–	–	–
10.	Mahindra Holdings Limited jointly with Mr. Bakul P. Sheth***	–	–	–	1	0.00%	–	0.00%
11.	Mahindra & Mahindra Limited jointly with Ms. Angarika Baviskar**	1	0.00%	–	–	–	–	–
12.	Mahindra Holdings Limited jointly with Mr. Narayan Shankar***	–	–	–	1	0.00%	–	0.00%
13.	Mahindra & Mahindra Limited jointly with Mr. C. Krishnadas**	1	0.00%	–	–	–	–	–
14.	Mahindra Holdings Limited jointly with Mr. S. Durgashankar***	–	–	–	1	0.00%	–	0.00%
	Total	3,35,96,424	43.70%	–	3,59,49,626	46.76%	–	46.76%

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

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	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 and Mahindra Limited					
	At the beginning of the year	3,35,96,418	43.70		–	–
	Decrease- Transfer of shares to Mahindra Holdings Limited on 26th December, 2016	–	–	3,35,96,418	–	–
	At the End of the year	–	–		–	–
2.	**Mahindra Holdings Limited**					
	At the beginning of the year	–	–		–	–
	Increase- Transfer of shares from Mahindra & Mahindra Limited on 26th December, 2016			3,35,96,418	3,35,96,418	43.70
	Increase - Transfer of shares from Vinay Leasing & Finance Private Limited on 26th December, 2016	–	–	49,333	3,36,45,751	–
	Increase - Transfer of shares from Bina Sanghi Jtly. with Vinay Sanghi on 26th December, 2016	–	–	3,34,445	3,39,80,196	–
	Increase - Transfer of shares from Arti Sanghi Jtly. with Arun Sanghi on 26th December, 2016	–	–	2,80,172	3,42,60,368	–
	Increase - Transfer of shares from Arun Sanghi Jtly. with Arti Sanghi on 26th December, 2016	–	–	7,23,095	3,49,83,463	–
	Increase - Transfer of shares from Project Automobiles (Bombay) Private Limited on 26th December, 2016	–	–	3,98,733	3,53,82,196	–
	Increase - Transfer of shares from Aradhana Sanghi Jtly with Arun Sanghi on 26th December, 2016	–	–	33,550	3,54,15,746	–
	Increase - Transfer of shares from Akhil Sanghi Jtly with Madhavi Sanghi on 26th December, 2016	–	–	33,550	3,54,49,296	–
	Increase - Transfer of shares from Jayashree Sanghi Jtly with Ranjan Sanghi on 26th December, 2016	–	–	2,50,783	3,57,00,079	–
	Increase - Transfer of shares from Bhairavi Sanghi on 26th December, 2016	–	–	16,653	3,57,16,732	–
	Increase - Transfer of shares from Dr. Viraj Sanghi Jtly. with Niki Sanghi on 26th December, 2016	–	–	1,60,963	3,58,77,695	–
	Increase - Transfer of shares from Vinti Gajree Jtly with Rajesh Gajree on 26th December, 2016	–	–	60,963	3,59,38,658	–
	Increase - Transfer of shares from Vinay Sanghi Jtly. with Seena Sanghi on 26th December, 2016	–	–	10,962	3,59,49,620	–
	At the End of the year	–	0		3,59,49,620	46.76
3.	**Mahindra & Mahindra Limited jointly with Mr. M.A. Nazareth**					
	At the beginning of the year	1	–		–	–
	Decrease- Transfer of share to Mahindra Holdings Limited jointly with Mr. M.A. Nazareth on 26th December, 2016			1	1	–
	At the End of the year	–	–		–	–

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
4.	**Mahindra Holdings Limited jointly with Mr. M.A. Nazareth**					
	At the beginning of the year	–	–		–	–
	Increase- Transfer of share from Mahindra & Mahindra Limited jointly with Mr. M.A. Nazareth on 26th December, 2016			1	–	–
	At the End of the year	–	–		1	–
5.	**Mahindra & Mahindra Limited jointly with Mr. Ulhas Yargop**					
	At the beginning of the year	1	–		–	–
	Decrease- Transfer of share to Mahindra Holdings Limited jointly with Mr. Ulhas Yargop on 26th December, 2016			1	–	0
	At the End of the year	–	0		–	–
6.	**Mahindra Holdings Limited jointly with Mr. Ulhas Yargop**					
	At the beginning of the year	–	0		–	–
	Increase- Transfer of share from Mahindra & Mahindra Limited jointly with Mr. Ulhas Yargop on 26th December, 2016			1	–	–
	At the End of the year	–	0		1	0
7.	**Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi**					
	At the beginning of the year	1	0		–	0
	Decrease- Transfer of shares to Mahindra Holdings Limited jointly with Mr. K. Chandrasekar on 26th December, 2016			1	–	0
	At the End of the year	–	0		–	–
8.	**Mahindra Holdings Limited jointly with Mr. K. Chandrasekar**					
	At the beginning of the year	–	0		–	–
	Increase- Transfer of share from Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi on 26th December, 2016			1	–	–
	At the End of the year	–	0		1	0
9.	**Mahindra & Mahindra Limited jointly with Mr. Bakul Sheth**					
	At the beginning of the year	1	0		–	0
	Decrease- Transfer of share to Mahindra Holdings Limited jointly with Mr. Bakul Sheth on 26th December, 2016			1	–	0
	At the End of the year	–	0		–	–
10.	**Mahindra Holdings Limited jointly with Mr. Bakul Sheth**					
	At the beginning of the year	–	0		–	–
	Increase- Transfer of share from Mahindra & Mahindra Limited jointly with Mr. Bakul Sheth on 26th December, 2016			1	–	–
	At the End of the year	–	0		1	0

Sr. No.		Shareholding at the beginning of the year		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
11..	**Mahindra & Mahindra Limited jointly with Ms. Angarika Baviskar**					
	At the beginning of the year	1	0		–	0
	Decrease- Transfer of share to Mahindra Holdings Limited jointly with Mr. Narayan Shankar on 26th December, 2016			1	–	0
	At the End of the year	–	0		–	–
12.	**Mahindra Holdings Limited jointly with Mr. Narayan Shankar**					
	At the beginning of the year	–	0		–	–
	Increase- Transfer of share from Mahindra & Mahindra Limited jointly with Ms. Angarika Baviskar on 26th December, 2016			1	–	–
	At the End of the year	–	0		1	0
13.	**Mahindra & Mahindra Limited jointly with Mr. C. Krishnadas**					
	At the beginning of the year	1	0		–	0
	Decrease- Transfer of share to Mahindra Holdings Limited jointly with Mr. S. Durgashankar on 26th December, 2016			1	–	0
	At the End of the year	–	0		–	–
14.	**Mahindra Holdings Limited jointly with Mr. S. Durgashankar**					
	At the beginning of the year	–	0		–	–
	Increase- Transfer of share from Mahindra & Mahindra Limited jointly with Mr. C. Krishnadas on 26th December, 2016			1	–	–
	At the End of the year	–	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		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Increase	Decrease	No. of Shares	% of total Shares of the Company
1	PHI Management Solutions Private Limited	1,61,84,054	21.05%	0	0	1,61,84,054	21.05%
2	Valiant Mauritius Partners FDI Limited	1,02,68,329	13.36%	0	0	1,02,68,329	13.36%
3	Manhiem Export, Sarl	68,45,398	8.90%	0	0	68,45,398	8.90%
4	Phi Capital Services LLP	33,34,633	4.34%	0	0	33,34,633	4.34%
5	Mr. Rajeev Dubey, Mr. Ramesh Iyer & Mr. Percy Mahernosh (Trustees- Mahindra First Choice Wheels Limited Employees Stock Option Trust.)	30,28,067	3.94%	0	0	30,28,067	3.94%
6	Arun Sanghi jtly. with Arti Sanghi	7,23,095	0.94%	0	7,23,095	–	–
7	Ranjan Sanghi jtly. with Jayshree Sanghi	4,46,474	0.58%	0	0	4,46,474	0.58%
8	Project Automobiles (Bombay) Private Limited	3,98,733	0.52%	0	3,98,733	–	
9	Bina Sanghi jtly. with Vinay Sanghi	3,34,445	0.44%	0	3,34,445	–	–

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Increase	Decrease	No. of Shares	% of total Shares of the Company
10	Jayashree Sanghi jtly with Ranjan Sanghi	2,50,783	0.33%	0	2,50,783	–	–
12	Bhairavi Sanghi	33,309	0.04%	0	0	33,309	0.04%
13	Alan E. Durante Jtly. with Melanie Durante	36,484	0.04%	0	0	36,484	0.04%
14	Brij Mohan Kataria	17,194	0.02%	0	0	17,194	0.02%

(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				
	Directors				
1	**Anand G. Mahindra**	1,27,265#	0.16%	1,27,265#	0.16%
	Datewise Increase/Decrease in shareholding during the Year specifying the reasons for increase/decrease.	–	–	–	–
	At the end of the year	1,27,265#	0.16%	1,27,265#	0.16%
2	**Sanjay Labroo jtly. With Leena Labroo**	6,02,087	0.78%	6,02,087	0.78%
	Datewise Increase/Decrease in shareholding during the Year specifying the reasons for increase/decrease.	–	–	–	–
	At the end of the year	6,02,087	0.78%	6,02,087	0.78%

** Includes 6 shares held by nominees of Mahindra Holdings Limited jointly with Mahindra Holdings Limited

Includes 22,343 Shares held by Anand Mahindra jointly with Anuradha Mahindra

*** Jointly held with Mahindra Holdings Limited to comply with the statutory provisions of Companies Act, 2013 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
Indebtedness at the beginning of the financial year				
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
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil			
• Reduction	Nil	Nil	Nil	Nil
Net change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
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
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Managing Director	Total
		Dr. Nagendra Palle	
1.	Gross Salary	–	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	84,00,000	84,00,000
	(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.	Deputation Charges		
	Total (A)	**84,00,000**	**84,00,000**
	Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013	

B. REMUNERATION OF OTHER DIRECTORS:

(Amount in Rs.)

Particulars of Remuneration	Name of Directors												Total
	Mr. Anand Mahindra	Mr. Sanjay Labroo	Ms. Sangeeta Talwar	Mr. P. Sivaram	Mr. Rajeev Dubey	Mr. Ramesh Iyer	Dr. Pawan Goenka	Mr. Anupam Thareja	Mr. Narendra Mairpady	Mr. Christopher Hansen	Mr. Rajesh Jejurikar	Mr. Joseph Luppino	
1. Independent Directors													
• Fee for attending board/committee meetings	–	–	1,20,000	–	–	–	–	–	1,50,000	–	–	–	**2,70,000**
• Commission	–	–	–	–	–	–	–	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–	–	–	–	–	–	–	–
Total (1)	–	–	**1,20,000**	–	–	–	–	–	**1,50,000**	–	–	–	**2,70,000**
2. Other Non-Executive Directors	–	–	–	–	–	–	–	–	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–	–	–	–	–	–	–	–	–
• Commission	–	–	–	–	–	–	–	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–	–	–	–	–	–	–
Total B = (1+2)	–	–	**1,20,000**	–	–	–	–	–	**1,50,000**	–	–	–	**2,70,000**
Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013												

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		V. Janakiraman- 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	44,53,392	–	44,53,392
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	3,81,676	–	3,81,676
	(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...	–	–	–

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		V. Janakiraman- Chief Financial Officer	Company Secretary	Total
5.	Others, please specify	–	32,500	**32,500**
	Contribution to PF	2,52,692	–	**2,52,692**
	Bonus/Variable Pay	13,05,425	–	**13,05,425**
	Total	**63,93,185**	**32,500**	**64,25,685**

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)
A. COMPANY					
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. DIRECTORS					
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
C. OTHER OFFICERS IN DEFAULT					
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

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

ANNEXURE VII TO THE DIRECTORS' REPORT

Details of the Employees Stock Option Scheme pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	ESOS 2010	ESOS 2015
(a)	options granted	–	4,09,244
(b)	options vested	1,64,430	–
(c)	options exercised	–	–
(d)	the total number of shares arising as a result of exercise of option	–	–
(e)	options lapsed	–	–
(f)	the exercise price	Rs. 10/–	Rs. 10/–
(g)	variation of terms of options	Nil	Nil
(h)	money realized by exercise of options	–	–
(i)	total number of options in force as at 31st March 2017	21,06,109	12,54,037
(j)	(i) employee wise details of options granted to 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		
	• Total Nine Employees	–	3,47,576
	(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	NIL

For and on behalf of the Board

Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 15th May, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA FIRST CHOICE WHEELS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA FIRST CHOICE WHEELS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 the reports of the other auditors

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, 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, 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 Ind AS financial statements – Refer Note 24 on 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.

   iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the Management of the Company, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016") 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

Rajesh K. Hiranandani
Partner
Membership No. 36920

Place: Mumbai
Date: 5th May, 2017

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

We have audited the internal financial controls over financial reporting of Mahindra First Choice Wheels Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS 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 ("the Guidance Note") 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 ("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 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 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 31st March, 2017, 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

Rajesh K. Hiranandani
Partner
Membership No. 36920

Place: Mumbai
Date: 5th May, 2017

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) The Company does not have any immovable properties 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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of making investments. According to the information and explanations given to us, the Company has not granted any loans or provided guarantees and hence reporting under clause 3 (iv) of the CARO 2016, to the extent it relates to loans and guarantees under sections 185 and 186 of the Companies Act, 2013, are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit and the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable and hence reporting under clause 3(v) of the CARO 2016 is also not applicable.

(vi) In respect of maintenance of Cost records under section 148 (1) of the Companies Act, 2013, 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, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it, to the appropriate authorities. Customs duty and excise duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2017 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, and Value Added Tax which have not been deposited as on 31st March, 2017 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.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2008-09	3,78,967	3,78,967
Value Added Tax, Maharashtra	Value Added Tax	Joint Commissioner (Appeals)	2005-06, 2006-07, 2008-09, 2009-10 and 2010-11	1,93,97,390	1,73,37,432

(viii) The Company has neither taken any loans or borrowings from financial institutions, banks and government nor has issued any debentures and hence reporting under clause (viii) of the 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 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 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 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 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 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 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 LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Rajesh K. Hiranandani
Partner
Membership No. 36920

Place: Mumbai
Date: 5th May, 2017

Balance Sheet as at March 31, 2017

(In Rupees)

	Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A	**ASSETS**				
	1 Non-current assets				
	(a) Property, Plant and Equipment	4 a	**3,84,80,221**	3,27,15,187	3,52,67,404
	(b) Goodwill	3	**1,13,00,000**	1,13,00,000	–
	(c) Other Intangible assets	4 b	**2,74,37,156**	3,12,44,578	85,88,771
	(d) Financial Assets				
	(i) Investments in Equity Instruments	5	**11,33,288**	9,64,000	8,20,000
	(ii) Loans	7	**5,07,94,446**	4,97,33,370	4,83,54,182
	(iii) Other Financial Assets	8	**92,029**	92,029	92,029
	(e) Other non-current assets	10	**8,62,26,343**	6,14,96,315	3,28,23,206
	Total Non - Current Assets		**21,54,63,483**	18,75,45,479	12,59,45,592
	2 Current assets				
	(a) Financial Assets				
	(i) Investments	5	**2,41,89,396**	7,00,95,676	3,17,53,007
	(ii) Trade receivables	6	**32,30,53,250**	14,70,29,825	8,55,66,646
	(iii) Cash and cash equivalents	9	**5,16,29,946**	1,15,71,609	15,32,77,784
	(iv) Bank balances other than (iii) above	9	**18,77,39,002**	48,22,01,412	41,22,04,544
	(v) Loans	7	**29,19,03,691**	21,52,15,882	27,65,71,158
	(vi) Other Financial Assets	8	**9,97,266**	31,25,569	38,42,563
	(b) Other current assets	10	**3,50,97,620**	2,27,01,240	86,23,519
	Total Current Assets		**91,46,10,171**	95,19,41,213	97,18,39,221
	Total Assets		**1,13,00,73,654**	1,13,94,86,692	1,09,77,84,813
B	**EQUITY AND LIABILITIES**				
	1 EQUITY				
	(a) Equity Share capital	11	**73,84,48,530**	73,84,48,530	73,84,48,530
	(b) Other Equity	12	**(19,52,57,980)**	(3,22,33,148)	8,14,73,588
	Total Equity		**54,31,90,550**	70,62,15,382	81,99,22,118
	LIABILITIES				
	2 Non-current liabilities				
	(a) Financial Liabilities				
	– Other financial liabilities	13	**25,18,80,192**	19,50,27,008	15,22,47,576
	(b) Provisions	14	**5,10,71,200**	3,40,00,614	2,90,03,207
	(c) Deferred tax liabilities (Net)	17	**16,90,372**	6,75,040	–
	(d) Other non-current liabilities	15	**70,18,244**	62,81,835	42,24,909
	Total Non - Current Liabilities		**31,16,60,008**	23,59,84,497	18,54,75,692
	3 Current liabilities				
	(a) Financial Liabilities				
	(i) Trade payables	16	**20,13,42,921**	13,36,02,150	5,70,07,893
	(ii) Other financial liabilities	13	**1,85,88,862**	2,26,73,752	20,98,327
	(b) Provisions	14	**76,47,203**	69,68,531	67,09,953
	(c) Other current liabilities	15	**4,76,44,110**	3,40,42,380	2,65,70,830
	Total Current Liabilities		**27,52,23,096**	19,72,86,813	9,23,87,003
	Total Liabilities		**58,68,83,104**	43,32,71,310	27,78,62,695
	Total Equity and Liabilities		**1,13,00,73,654**	1,13,94,86,692	1,09,77,84,813

See accompanying notes to the financial statements

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

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board

Rajeev Dubey DIN - 00104817	*Director*
Dr. Nagendra Palle DIN - 06964686	*CEO & Managing Director*
V. Janakiraman	*Chief Financial Officer*
Pinky Dutta	*Company Secretary*

Place : Mumbai
Date : 2nd May, 2017

Statement of Profit and Loss for the period ended March 31, 2017

(In Rupees)

	Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations	18	**89,19,38,152**	49,35,98,602
II	Other Income	19	**6,14,02,877**	9,40,21,264
III	**Total Income (I + II)**		**95,33,41,029**	58,76,19,866
IV	**EXPENSES**			
	(a) Purchase of Used Cars		**2,00,68,289**	–
	(b) Employee Benefits Expense	20	**36,53,00,499**	25,70,42,065
	(c) Finance costs	21	**17,84,371**	9,33,422
	(d) Depreciation and amortisation expense	4 a & 4b	**2,72,95,053**	1,99,43,101
	(e) Other expenses	22	**69,94,79,406**	42,30,70,622
	Total Expenses (IV)		**1,11,39,27,618**	70,09,89,210
V	**Loss before tax (III - IV)**		**(16,05,86,589)**	(11,33,69,344)
VI	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax	17	**10,15,332**	6,75,040
	Total tax expense		**10,15,332**	6,75,040
VII	**Loss for the year (V - VI)**		**(16,16,01,921)**	(11,40,44,384)
VIII	**Other comprehensive income**			
	(a) Items that will not be recycled to profit or loss			
	(i) Remeasurements of the defined benefit liabilities/(assets)		**(25,84,468)**	(8,05,391)
	(ii) Equity instruments through other comprehensive income		**1,69,288**	1,44,000
	(b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Total other comprehensive income		**(24,15,180)**	(6,61,391)
IX	**Total comprehensive income for the year ended (VII + VIII)**		**(16,40,17,101)**	(11,47,05,775)
X	**Earnings per equity share:**			
	Basic and Diluted	23	**(2.19)**	(1.54)

See accompanying notes to the financial statements

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

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board

Rajeev Dubey DIN - 00104817	*Director*
Dr. Nagendra Palle DIN - 06964686	*CEO & Managing Director*
V. Janakiraman	*Chief Financial Officer*
Pinky Dutta	*Company Secretary*

Place : Mumbai
Date : 2nd May, 2017

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(In Rupees)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from operating activities		
Loss before tax	**(16,05,86,589)**	(11,33,69,344)
Adjustments for:		
Finance costs recognised in profit or loss	**17,84,371**	9,33,422
Investment income recognised in profit or loss	**(4,79,17,705)**	(6,60,97,951)
Dividend Income	**(15,000)**	(1,36,588)
Loss/(Gain) on disposal of property, plant and equipment	**3,98,250**	(3,81,452)
Net (gain)/loss on disposal of available-for-sale financial assets	**(21,17,751)**	(21,48,395)
Net (gain)/loss recorded in profit or loss on Mutual Funds designated at fair value through profit or loss	**(61,210)**	(95,675)
Sundry Balances Written Off	**2,10,09,030**	1,01,04,972
Sundry credit balances written back	**–**	(96,70,675)
Allowance for expected credit losses on trade receivables	**3,04,80,469**	1,96,57,872
Depreciation and amortisation of non-current assets	**2,72,95,053**	1,99,43,101
Expense recognised in respect of equity-settled share-based payments	**9,92,269**	9,99,039
	(12,87,38,813)	(14,02,61,674)
Movements in working capital:		
(Increase)/Decrease in amounts due from customers	**(22,75,12,923)**	(8,15,55,348)
(Increase)/Decrease in other assets	**(1,21,45,265)**	(1,91,01,633)
Increase/(Decrease) in amounts due to customers	**6,77,40,772**	7,65,94,249
Increase/(Decrease) in provisions	**1,51,64,790**	44,50,594
(Decrease)/Increase in other liabilities	**6,71,06,433**	7,28,83,333
	(8,96,46,194)	5,32,71,195
Cash used in operations	**(21,83,85,007)**	(8,69,90,479)
Income taxes paid	**(2,47,30,028)**	(2,86,73,109)
Net cash used in operating activities	**(24,31,15,035)**	(11,56,63,588)
Cash flows from investing activities		
Payments to acquire financial assets - Inter-Corporate Deposits	**(28,80,00,000)**	(21,00,00,000)
Proceeds on sale of financial assets - Inter-Corporate Deposits	**21,00,00,000**	27,50,00,000
Payments to acquire financial assets - Mutual Funds	**(32,30,00,000)**	(70,83,50,638)
Proceeds on sale of financial assets - Mutual Funds	**37,10,85,241**	67,22,52,040
Payments to acquire financial assets - Fixed Deposits	**(19,40,17,390)**	(84,93,96,869)
Proceeds on sale of financial assets - Fixed Deposits	**48,84,79,800**	77,94,00,000
Interest received	**5,00,46,008**	6,68,14,945
Other dividends received	**15,000**	1,36,588

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017 (CONTD...)

(In Rupees)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Payments for property, plant and equipment	**(2,45,85,850)**	(1,35,94,173)
Proceeds from disposal of property, plant and equipment	**15,43,640**	8,77,610
Payments for intangible assets	**(66,08,706)**	(3,82,48,668)
Net cash used in investing activities	**28,49,57,743**	(2,51,09,165)
Cash flows from financing activities		
Interest paid	**(17,84,371)**	(9,33,422)
Net cash generated by financing activities	**(17,84,371)**	(9,33,422)
Net Increase/(Decrease) in cash and cash equivalents	**4,00,58,337**	(14,17,06,175)
Cash and cash equivalents at the beginning of the year	**1,15,71,609**	15,32,77,784
Cash and cash equivalents at the end of the year	**5,16,29,946**	1,15,71,609
Net Increase/(Decrease) as disclosed above	**4,00,58,337**	(14,17,06,175)

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

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board

Rajeev Dubey DIN - 00104817	*Director*
Dr. Nagendra Palle DIN - 06964686	*CEO & Managing Director*
V. Janakiraman	*Chief Financial Officer*
Pinky Dutta	*Company Secretary*

Place : Mumbai
Date : 2nd May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital

	Amount (In Rupees)
Balance as at April 1, 2015	76,87,29,200
Less: Treasury Shares	3,02,80,670
Balance at April 1, 2015	73,84,48,530
Changes in equity share capital during the year	–
Balance at March 31, 2016	73,84,48,530
Changes in equity share capital during the year	–
Balance at March 31, 2017	**73,84,48,530**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017 (CONTD...)

b. Other Equity

(In Rupees)

	Reserves and Surplus			Items of other comprehensive income		
Particulars	**Retained Earnings**	**Securities Premium Reserve (Refer Note 1 below)**	**Equity-settled employee benefits reserve (Refer Note 2 below)**	**Equity instrument through other comprehensive income**	**Remeasurements of the defined benefit obligations**	**Total**
Balance at April 1, 2015	(1,06,03,38,359)	1,13,92,24,195	18,67,752	7,20,000	–	8,14,73,588
– Loss for the year	(11,40,44,384)	–	–	–	–	(11,40,44,384)
– Remeasurements of the defined benefit liabilities/(assets)	–	–	–	–	(8,05,391)	(8,05,391)
– Equity instruments through other comprehensive income	–	–	–	1,44,000	–	1,44,000
Total Comprehensive income for the year	(1,17,43,82,743)	1,13,92,24,195	18,67,752	8,64,000	(8,05,391)	(3,32,32,187)
Add: Impact of ESOP Options Fair valuation			9,99,039			9,99,039
Balance at March 31, 2016	(1,17,43,82,743)	1,13,92,24,195	28,66,791	8,64,000	(8,05,391)	(3,22,33,148)
– Loss for the year	(16,16,01,921)	–	–	–	–	(16,16,01,921)
– Remeasurements of the defined benefit liabilities/(assets)	–	–	–	–	(25,84,468)	(25,84,468)
– Equity instruments through other comprehensive income	–	–	–	1,69,288		1,69,288
Total Comprehensive income for the year	(1,33,59,84,664)	1,13,92,24,195	28,66,791	10,33,288	(33,89,859)	(19,62,50,249)
Add: Impact of ESOP Options Fair valuation	–	–	9,92,269	–	–	9,92,269
Balance at March 31, 2017	**(1,33,59,84,664)**	**1,13,92,24,195**	**38,59,060**	**10,33,288**	**(33,89,859)**	**(19,52,57,980)**

Note 1:

Securities premium reserve is after deducting an amount of Rs. 15,87,115/- on issue in earlier years of 317,423 Equity shares issued to a Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

Note 2:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

See accompanying notes to the financial statements

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

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 2nd May, 2017

For and on behalf of the Board

Rajeev Dubey — *Director*
DIN - 00104817

Dr. Nagendra Palle — *CEO & Managing Director*
DIN - 06964686

V. Janakiraman — *Chief Financial Officer*

Pinky Dutta — *Company Secretary*

Place : Mumbai
Date : 2nd May, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate information:

The financial statements comprise financial statements of Mahindra First Choice Wheels Limited (MFCWL) for the year ended March 31,2017. The Company is an unlisted Public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

MFCWL is principally engaged in the business of facilitating trading in used vehicles through its Franchise network and electronic platform and providing allied products and services, including online pricing guidance, used vehicle inspection and valuation services, yard management services and used vehicles inspection services for insurance.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The immediate parent Company is Mahindra Holdings Limited. and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest Company to consolidate these financial statements. Copies of the annual report of Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries is provided in note on investments.

2. Significant Accounting Policies:

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, MFCWL prepared its financial statements in accordance with the requirements of the previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer note 13 for the details of first time adoption exemptions availed by the company.

2.2 Basis of preparation and presentation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

2.3 Business combinations:

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combination entered before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

2.4 Goodwill:

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Estimated impairment of goodwill

The Company tests annually goodwill for any impairment, in accordance with the above accounting policy. The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations require the use of estimates.

2.5 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from services is recognised as per contractual agreement and more specifically in the following manner for the listed services.

i) Franchise fee- From activation of the dealer's account on receipt of Security Deposit.

ii) Commission Income - Recognised on receipt of seller's confirmation for auctions.

iii) Vehicle valuation fee- Recognised on release of valuation report

iv) Inspection Fee- Recognised on release of inspection report.

v) Yard Management fees- Recognised on basis of Release Letter issued by the financing organisation.

vi) Other Operating Income:

- Warranty income - Recognised on sale of warranty product of a third-party warranty service provider, with no obligations to the company. A part of warranty income related to Road Side Assistance is deferred over the period of warranty with the Company being the Primary Obligor.
- Registration Income –Income is recognised over the period of term of registration which is 3 years.
- Others – On occurrence of relevant event or based on agreement terms.

2.6 Dividend and interest income:

Dividend income from investments is recognised 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 recognised 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.

2.7 Rental income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

The Company's policy for recognition of revenue from operating leases is described in Note No.- 2.15 below.

2.8 Foreign currencies:

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised 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.

2.9 Employee benefits:

a) 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.

b) Post-employment benefits:

i) Defined Contribution Plan: 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 contributions 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. The Company's contributions to Defined Contribution Plan are charged to the statement of profit and loss as incurred.

ii) Defined Benefit Plan: Gratuity (unfunded)

The Company has an 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 the gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year which is determined using the Projected Unit Credit method. Actuarial gains and losses are recognised in the Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested.

c) Other long-term employment benefits – Compensated Absences

The Company provides for 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 Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Other Comprehensive Income.

2.10 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.11 Taxation:

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 liabilities and assets 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

2.12 Property, plant and equipment:

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. Costs comprise purchase price net of any trade discounts and rebates 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 and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful life of the assets are given below:

- Leasehold improvements over the period of the Lease.
- Office equipment 2 to 5 years.
- Furniture 10 years,
- Computers and servers 3 to 6 years
- Vehicles – 3 years for used vehicles or 6 years new vehicles.
- Plant and equipment 5 to 15 years

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.13 Intangible assets:

a) Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

b) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from 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, are recognised in profit or loss when the asset is derecognised.

c) Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software	5 years
Website	5 years
Non-Compete Fees	Contractual Terms (3 years)
Market Information	Contractual Terms (3 years)
Customer Relationships	7 years
Service Provider Contracts and intellectual property	3 years

2.14 Impairment of tangible and intangible assets other than goodwill:

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). When 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. When a reasonable and consistent basis of allocation can be identified, these 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 of disposal 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Leasing:

a) The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

b) The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised 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 recognised as a liability. The aggregate benefit of incentives is recognised 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.

2.16 Provisions and Contingencies:

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17 Financial Instruments

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

2.18 Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised 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. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

A financial asset is 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 Group 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 or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

De-recognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

2.19 Financial liabilities and equity instruments

a) **Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) **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 recognised at the proceeds received, net of direct issue costs.

c) **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.20 First-time adoption – mandatory exceptions and optional exemptions

a) Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

b) Derecognition of financial assets and financial liabilities:

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

c) Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

d) **Past business combinations:**

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date.

e) **Deemed cost for property, plant and equipment, investment property, and intangible assets:**

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

f) **Determining whether an arrangement contains a lease:**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.21 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions 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:

Useful life of Property, plant and equipment

Depreciation on property, plant and equipment 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 evaluation, 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.:

– Vehicles 3 years in case of used vehicles or 6 years in case of new vehicles.

Note No. 3 - Goodwill

Particulars		Amount (in Rs.)
I.	Cost	
	Balance at April 1, 2015	1,30,000
	Additional amounts recognised from business combinations occurring during the year	1,13,00,000
	Balance at end of year March 31, 2016	1,14,30,000
	Additional amounts recognised from business combinations occurring during the year	–
	Balance at end of year March 31, 2017	**1,14,30,000**
II.	**Accumulated Impairment**	
	Balance at April 1,2015	1,30,000
	Impairment losses recognised in the year	–
	Balance at end of year March 31, 2016	1,30,000
	Impairment losses recognised in the year	–
	Balance at end of year March 31, 2017	**1,30,000**
	Net block (I-II)	
	Balance as on April 1, 2015	–
	Additional amounts recognised from business combinations occurring during the year	1,13,00,000
	Impairment losses recognised in the year	–
	Balance at end of year March 31, 2016	1,13,00,000
	Additional amounts recognised from business combinations occurring during the year	–
	Impairment losses recognised in the year	–
	Balance at end of year March 31, 2017	**1,13,00,000**

Note:

Refer accounting policies Note No.- 2.4

Note No. 4 a - Property, Plant and Equipment

Carrying amounts of :	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Improvements to Leasehold Property	**77,89,083**	1,23,89,015	1,79,28,098
Office Equipment	**38,42,244**	35,89,324	33,30,706
Furniture and Fixtures	**41,43,136**	22,85,624	15,95,853
Computers	**1,43,53,022**	1,04,89,099	86,94,927
Vehicles	**83,52,736**	39,62,125	37,17,820
Total	**3,84,80,221**	3,27,15,187	3,52,67,404

(In Rupees)

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Block						
Balance as at April 1, 2015	4,88,22,982	96,91,286	33,80,368	2,12,69,683	67,72,858	8,99,37,177
Additions	–	31,09,588	10,20,879	63,90,675	30,73,031	1,35,94,173
Disposals	–	1,15,370	6,300	22,000	18,85,526	20,29,196
Balance as at March 31, 2016	4,88,22,982	1,26,85,504	43,94,947	2,76,38,358	79,60,363	10,15,02,154
Additions	**–**	**35,58,874**	**30,03,932**	**99,25,649**	**80,97,395**	**2,45,85,850**
Disposals		**8,67,986**	**9,00,809**	**7,37,740**	**34,26,846**	**59,33,381**
Balance as at March 31, 2017	**4,88,22,982**	**1,53,76,392**	**64,98,070**	**3,68,26,267**	**1,26,30,912**	**12,01,54,623**
II. Accumulated depreciation						
Balance as at April 1, 2015	3,08,94,883	63,60,580	17,84,515	1,25,74,756	30,55,038	5,46,69,772
Depreciation/amortisation expense for the year	55,39,083	28,25,416	3,31,108	45,96,503	23,58,130	1,56,50,240
Eliminated on disposal of assets	–	89,816	6,300	22,000	14,14,930	15,33,046
Balance as at March 31, 2016	3,64,33,966	90,96,180	21,09,323	1,71,49,259	39,98,238	6,87,86,966
Depreciation/amortisation expense for the year	**45,99,932**	**27,29,351**	**4,90,056**	**60,55,604**	**30,03,981**	**1,68,78,925**
Eliminated on disposal of assets		**2,91,383**	**2,44,446**	**7,31,618**	**27,24,043**	**39,91,490**
Balance as at March 31, 2017	**4,10,33,899**	**1,15,34,148**	**23,54,934**	**2,24,73,245**	**42,78,176**	**8,16,74,401**
III. Net block						
Balance as on April 1, 2015	1,79,28,098	33,30,706	15,95,853	86,94,927	37,17,820	3,52,67,404
Additions	–	31,09,588	10,20,879	63,90,675	30,73,031	1,35,94,173
Disposals	–	1,15,370	6,300	22,000	18,85,526	20,29,196
Depreciation/amortisation expense for the year	55,39,083	28,25,416	3,31,108	45,96,503	23,58,130	1,56,50,240
Eliminated on disposal of assets	–	89,816	6,300	22,000	14,14,930	15,33,046
Balance as on March 31, 2016	1,23,89,015	35,89,324	22,85,624	1,04,89,099	39,62,125	3,27,15,187
Additions	**–**	**35,58,874**	**30,03,932**	**99,25,649**	**80,97,395**	**2,45,85,850**
Disposals	**–**	**8,67,986**	**9,00,809**	**7,37,740**	**34,26,846**	**59,33,381**
Depreciation/amortisation expense for the year	**45,99,932**	**27,29,351**	**4,90,056**	**60,55,604**	**30,03,981**	**1,68,78,925**
Eliminated on disposal of assets	**–**	**2,91,383**	**2,44,446**	**7,31,618**	**27,24,043**	**39,91,490**
Balance as at March 31, 2017	**77,89,083**	**38,42,244**	**41,43,136**	**1,43,53,022**	**83,52,736**	**3,84,80,221**

Note:

For depreciation methods used and the useful lives or the depreciation rates used, Refer accounting policy Note No.- 2.12

Note No. 4 b - Other Intangible Assests

Carrying amounts of :	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Computer Software	**57,86,007**	73,98,780	63,36,184
Websites	**63,31,951**	57,68,139	22,52,587
Non-Compete Fees	**2,76,428**	2,43,056	–
Customer Relationships	**1,14,63,796**	1,35,35,225	–
Service Provider Contracts	**12,78,539**	21,11,872	–
Acquisition of service contracts and Intellectual Property	**23,00,435**	21,87,506	–
Total	**2,74,37,156**	3,12,44,578	85,88,771

(In Rupees)

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Total
I. Gross Block							
Balance as at April 1, 2015	1,75,58,590	3,83,81,227	–	–	–	–	5,59,39,817
Additions through business combination	10,50,000	5,25,000	–	1,45,00,000	25,00,000	–	1,85,75,000
Other Additions	22,21,168	36,52,500	2,50,000	–	–	22,50,000	83,73,668
Balance as at March 31, 2016	2,08,29,758	4,25,58,727	2,50,000	1,45,00,000	25,00,000	22,50,000	8,28,88,485
Additions through business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other Additions	**28,45,082**	**25,13,624**	**1,50,000**			**11,00,000**	**66,08,706**
Balance as at March 31, 2017	**2,36,74,840**	**4,50,72,351**	**4,00,000**	**1,45,00,000**	**25,00,000**	**33,50,000**	**8,94,97,191**
II. Accumulated Amortisation Expenses							
Balance as at April 1, 2015	1,12,22,406	3,61,28,640	–	–	–	–	4,73,51,045
Amortisation expense for the year	21,13,061	6,14,193	6,944	–	–	62,494	27,96,692
Amortisation on additions through business combination	95,511	47,755	–	9,64,775	3,88,128	–	14,96,169
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at March 31, 2016	1,34,30,978	3,67,90,588	6,944	9,64,775	3,88,128	62,494	5,16,43,906
Amortisation expense for the year	**41,63,417**	**18,02,593**	**1,16,628**	**20,71,429**	**8,33,333**	**9,87,071**	**99,74,471**
Amortisation on additions through business combination	**2,94,438**	**1,47,219**	**–**	**–**	**–**	**–**	**4,41,657**
Eliminated on disposal of assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at March 31, 2017	**1,78,88,833**	**3,87,40,399**	**1,23,573**	**30,36,204**	**12,21,461**	**10,49,565**	**6,20,60,034**
Net block (I-II)							
Balance as on April 1, 2015	63,36,184	22,52,587	–	–	–	–	85,88,771
Additions through business combination	10,50,000	5,25,000	–	1,45,00,000	25,00,000	–	1,85,75,000
Other Additions	22,21,168	36,52,500	2,50,000	–	–	22,50,000	83,73,668
Disposals	–	–	–	–	–	–	–
Amortisation expense for the year	21,13,061	6,14,193	6,944	–	–	62,494	27,96,692
Amortisation on additions through business combination	95,511	47,755	–	9,64,775	3,88,128	–	14,96,169
Balance as on March 31, 2016	73,98,780	57,68,139	2,43,056	1,35,35,225	21,11,872	21,87,506	3,12,44,578
Additions through business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other Additions	**28,45,082**	**25,13,624**	**1,50,000**	**–**	**–**	**11,00,000**	**66,08,706**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortisation expense for the year	**41,63,417**	**18,02,593**	**1,16,628**	**20,71,429**	**8,33,333**	**9,87,071**	**99,74,471**
Amortisation on additions through business combination	**2,94,438**	**1,47,219**	**–**	**–**	**–**	**–**	**4,41,657**
Eliminated on disposal of assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at March 31, 2017	**57,86,007**	**63,31,951**	**2,76,428**	**1,14,63,796**	**12,78,539**	**23,00,435**	**2,74,37,156**

Note:

For depreciation methods used and the useful lives or the depreciation rates used, Refer accounting Policy Note No.- 2.13

Note No. 5 - Investments

(In Rupees)

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	QTY	Amount	Amount	QTY	Amount	Amount	QTY	Amount	Amount
Particulars		Current	Non Current		Current	Non Current		Current	Non Current
A. Fair value through Other Comprehensive Income									
I. Unquoted Investments (all fully paid)									
Investments in Equity Instruments**									
– of The Zoroastrian Co-operative Bank Ltd.	**4,000**	–	**11,33,288**	4,000	–	9,64,000	4,000	–	8,20,000
B. Fair Value through Profit and Loss account									
I. Quoted Investments									
Investments in Kotak Liquid Scheme Plan A Growth	**2,135**	**70,26,982**	–	7,505	2,30,33,257	–	974	27,62,913	–

(In Rupees)

Particulars	As at March 31, 2017 QTY	As at March 31, 2017 Amount Current	As at March 31, 2017 Amount Non Current	As at March 31, 2016 QTY	As at March 31, 2016 Amount Current	As at March 31, 2016 Amount Non Current	As at April 1, 2015 QTY	As at April 1, 2015 Amount Current	As at April 1, 2015 Amount Non Current
Investments in UTI Money Market Fund-Growth (MF)	**1,708**	**31,03,037**	–	15,964	2,70,36,259	–	2,707	42,34,772	–
Investments in ICICI Prudential Liquid Fund-IP - Growth	–	–		–	–	–	13,376	27,66,834	–
Investments in Birla Sun Life Cash-Plus IP-Growth	**11,679**	**30,42,460**	–	–	–	–	22,453	50,35,914	–
Investments in Principal Cash Management Fund-Growth	–	–	–	13,616	2,00,26,160	–	5,123	69,59,541	–
Investments in IDFC Liquid Fund - (Growth)	–	–	–	–	–	–	589	10,00,807	–
Investments in Axis Liquid Fund IP Growth	**6,127**	**1,10,16,917**	–	–	–	–	2,969	45,97,954	–
Investments in TATA Liquid Fund Plan A Growth	–	–	–	–	–	–	93	2,38,805	–
Investments in HDFC Liquid Fund - Growth	–	–	–	–	–	–	38,696	35,24,223	–
Investment in HSBC Cash Fund - Growth	–	–	–	–	–	–	453	6,31,244	–
Total Investments Carrying Value		**2,41,89,396**	**11,33,288**		**7,00,95,676**	9,64,000		3,17,53,007	8,20,000
Other disclosures									
Aggregate amount of quoted investments		**2,41,89,396**	–		**7,00,95,676**	–		3,17,53,007	–
Aggregate amount of unquoted investments		–	**11,33,288**		–	9,64,000		–	8,20,000

Note:

**The face value of Equity shares of The Zoroastrian Co-operative Bank Ltd. is Rs 25 each

Note No. 6- Trade receivables

In Rupees

Particulars	As at March 31, 2017 Current	As at March 31, 2017 Non-Current	As at March 31, 2016 Current	As at March 31, 2016 Non-Current	As at April 1, 2015 Current	As at April 1, 2015 Non-Current
Trade receivables						
(a) Unsecured, considered good	**32,30,53,250**	**–**	14,70,29,825	–	8,55,66,646	–
(b) Doubtful	**6,47,11,690**	**–**	3,74,11,906	–	2,00,96,371	–
Less: Allowance for Expected Credit Losses	**(6,47,11,690)**	**–**	(3,74,11,906)	–	(2,00,96,371)	–
Total	**32,30,53,250**	**–**	14,70,29,825	–	8,55,66,646	–
of the above, trade receivable from						
**Dues from Holding Company*	**–**		3,60,714	–	25,70,837	–
**Dues from Fellow Subsidiaries*	**3,28,07,713**		1,59,99,674	–	1,25,53,184	–

Except for above mentioned Holding and Fellow Subsidiary Companies receivables, no trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Refer Note 30 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 7 - Loans

(In Rupees)

Particulars	As at March 31, 2017 Current	As at March 31, 2017 Non-Current	As at March 31, 2017 Total	As at March 31, 2016 Current	As at March 31, 2016 Non-Current	As at March 31, 2016 Total	As at April 1, 2015 Current	As at April 1, 2015 Non-Current	As at April 1, 2015 Total
a) Security Deposits									
– Unsecured, considered good	–	**1,89,26,661**	**1,89,26,661**	–	1,78,65,585	1,78,65,585	–	1,64,86,397	1,64,86,397
– Doubtful	**4,38,499**	**30,41,361**	**34,79,860**	4,38,499	30,41,361	34,79,860	4,38,499	30,41,361	34,79,860
	4,38,499	**2,19,68,022**	**2,24,06,521**	4,38,499	2,09,06,946	2,13,45,445	4,38,499	1,95,27,758	1,99,66,257
Less: Allowance for bad and doubtful deposits	**(4,38,499)**	**(30,41,361)**	**(34,79,860)**	(4,38,499)	(30,41,361)	(34,79,860)	(4,38,499)	(30,41,361)	(34,79,860)
Total (A)	**–**	**1,89,26,661**	**1,89,26,661**	–	1,78,65,585	1,78,65,585	–	1,64,86,397	1,64,86,397

(In Rupees)

Particulars	As at March 31, 2017 Current	Non-Current	Total	As at March 31, 2016 Current	Non-Current	Total	As at April 1, 2015 Current	Non-Current	Total
b) Loans to related parties									
– Unsecured, considered good				–		–	–	–	–
– ESOS Trust	–	**3,18,67,785**	**3,18,67,785**	–	3,18,67,785	3,18,67,785	–	3,18,67,785	3,18,67,785
Total (B)	–	**3,18,67,785**	**3,18,67,785**	–	3,18,67,785	3,18,67,785	–	3,18,67,785	3,18,67,785
c) Other Loans									
– Unsecured, considered good	–	–	–	–	–	–	–	–	–
1) Corporate Deposits With HDFC Ltd	**28,80,00,000**	–	**28,80,00,000**	21,00,00,000	–	21,00,00,000	27,50,00,000	–	27,50,00,000
2) Loans to Employees	**39,03,691**	–	**39,03,691**	52,15,882	–	52,15,882	15,71,158	–	15,71,158
Total (C)	**29,19,03,691**	–	**29,19,03,691**	21,52,15,882	–	21,52,15,882	27,65,71,158	–	27,65,71,158
GRAND TOTAL	**29,19,03,691**	**5,07,94,446**	**34,26,98,137**	21,52,15,882	4,97,33,370	26,49,49,252	27,65,71,158	4,83,54,182	32,49,25,340

Refer Note 30 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 8 - Other financial assets

(In Rupees)

Particulars	As at March 31, 2017 Current	Non-Current	Total	As at March 31, 2016 Current	Non-Current	Total	As at April 1, 2015 Current	Non-Current	Total
Financial assets at amortised cost									
a) Bank Deposit with more than 12 months maturity*	**–**	**92,029**	**92,029**	–	92,029	92,029	–	92,029	92,029
b) Accrued Interest	**9,97,266**	**–**	**9,97,266**	31,25,569	–	31,25,569	38,42,563	–	38,42,563
TOTAL	**9,97,266**	**92,029**	**10,89,295**	31,25,569	92,029	32,17,598	38,42,563	92,029	39,34,592

* Lien on fixed deposits given as security to various VAT Authorities.

Refer Note 30 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 9 - Cash and Bank balances

(In Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
(a) Balances with banks			
– In Current acounts	**5,15,67,761**	69,90,324	21,05,518
– In Deposit accounts (with Maturity less than 3 months)*	**–**	40,00,000	15,00,00,000
(b) Cash on hand	**62,185**	5,81,285	11,72,266
Total Cash and cash equivalents	**5,16,29,946**	1,15,71,609	15,32,77,784
Other Bank Balances			
(a) Earmarked balances with banks	**–**	–	28,04,544
(b) Balances with Banks:			
– Fixed Deposits with maturity greater than 3 months	**18,77,39,002**	48,22,01,412	40,94,00,000
Total Other Bank balances	**18,77,39,002**	48,22,01,412	41,22,04,544

* The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Note No. 10- Other assets

(In Rupees)

Particulars	As at March 31, 2017 Current	Non– Current	Total	As at March 31, 2016 Current	Non– Current	Total	As at April 1, 2015 Current	Non– Current	Total
Advances other than Capital Advances:									
(i) Balances with government authorities (other than income taxes)									
– Stamp Duty Refundable	–	–	–	–	–	–	7,56,400	–	7,56,400
– Input Credit Receivable	**1,23,51,414**	–	**1,23,51,414**	73,90,087	–	73,90,087	14,21,981	–	14,21,981
(ii) Advances to Vendors									
Considered good	**1,03,07,840**	–	**1,03,07,840**	54,79,130	–	54,79,130	1,80,282	–	1,80,282
Doubtful	**73,44,367**		**73,44,367**	73,44,367	–	73,44,367	73,44,367	–	73,44,367
	1,76,52,207	–	**1,76,52,207**	1,28,23,497	–	1,28,23,497	75,24,649	–	75,24,649
Less: Provision	**(73,44,367)**		**(73,44,367)**	(73,44,367)	–	(73,44,367)	(73,44,367)	–	(73,44,367)
	1,03,07,840	–	**1,03,07,840**	54,79,130	–	54,79,130	1,80,282	–	1,80,282
	–	–							
(iii) Prepaid Expenses	**70,26,487**	–	**70,26,487**	66,78,311	–	66,78,311	45,56,921	–	45,56,921
(iv) Advance Tax (Tax deducted at source)	–	**8,62,26,343**	**8,62,26,343**	–	6,14,96,315	6,14,96,315	–	3,28,23,206	3,28,23,206
(v) Deferred Warranty Expenses	**54,11,879**	–	**54,11,879**	31,53,712	–	31,53,712	17,07,935	–	17,07,935
TOTAL	**3,50,97,620**	**8,62,26,343**	**12,13,23,963**	2,27,01,240	6,14,96,315	8,41,97,555	86,23,519	3,28,23,206	4,14,46,725

Note No. 11 : Equity Share Capital

Particulars	As at March 31, 2017 No. of shares	Amount	As at March 31, 2016 No. of shares	Amount	As at April 1, 2015 No. of shares	Amount
Authorised:						
No of Equity Shares fully paid of Face value Rs 10/- each	**9,00,00,000**	**90,00,00,000**	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000
	9,00,00,000	**90,00,00,000**	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000
Issued, Subscribed and Fully Paid:						
No of Equity Shares fully paid of Face value Rs 10/- each	**7,68,72,920**	**76,87,29,200**	7,68,72,920	76,87,29,200	7,68,72,920	76,87,29,200
	7,68,72,920	**76,87,29,200**	7,68,72,920	76,87,29,200	7,68,72,920	76,87,29,200
Treasury Shares (par value)						
Less: Issued to Trust constituted under the Employees' Stock Option Scheme but not allotted to employees	**30,28,067**	**3,02,80,670**	30,28,067	3,02,80,670	30,28,067	3,02,80,670
Total	**7,38,44,853**	**73,84,48,530**	7,38,44,853	73,84,48,530	7,38,44,853	73,84,48,530

Treasury Shares:

The Company has disclosed the reduction from Share Capital by Rs 3,02,80,670/- (30,28,067 Equity shares of Rs 10/- each), {(As at March 31,2016 – Rs. 3,02,80,670/- (30,28,067 Equity shares of Rs 10/- each)), (As at April 1,2015 – Rs. 3,02,80,670/- (30,28,067 Equity shares of Rs 10/- each))} and reduced from Securities Premium by Rs 15,87,115/- {(As at March 31,2016 – Rs 15,87,115/-, As at April 1,2015 – Rs 15,87,115/-)} in respect of 3,17,423 Equity Shares having face value of Rs 10 each issued at a premium in earlier years, held by ESOS Trust as per the Employee Stock Option Scheme.

For details of shares reserved for issue under the Share based payment plan of the company, Refer Note No.- 20A.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Year Ended March 31, 2017			
No. of Shares	7,38,44,853	–	7,38,44,853
Amount	73,84,48,530	–	73,84,48,530
Year Ended March 31, 2016			
No. of Shares	7,38,44,853	–	7,38,44,853
Amount	73,84,48,530	–	73,84,48,530
Year Ended April 1, 2015			
No. of Shares	7,38,44,853	–	7,38,44,853
Amount	73,84,48,530	–	73,84,48,530

Terms/rights attached to equity shares:

The company has only one class of equity shares having par value of INR 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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Ordinary (Equity) shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend. Out of the above, 33,34,633 Equity Shares have been issued by conversion of convertible debentures into equity shares.

(ii) Details of shares held by the holding company and the ultimate holding company.

Particulars	No. of Shares Equity Shares with Voting rights
As at March 31, 2017	
Mahindra Holdings Limited, the Holding Company and its nominees	3,59,49,626
As at March 31, 2016	
Mahindra and Mahindra Limited, the Holding Company and its nominees	3,35,96,424
As at April 1, 2015	
Mahindra and Mahindra Limited, the Holding Company and its nominees	3,35,96,424

Upto 25th Dec 2016, the Equity Shares were held by Mahindra and Mahindra Ltd.

From 26th Dec 2016, the Equity Shares were held by Mahindra Holdings Ltd and Mahindra and Mahindra Ltd became the Ultimate Holding Company.

(iii) The details of shares held by each shareholder holding more than 5% shares:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Name of the shareholder	**No. of shares**	**% held**	No. of shares	% held	No. of shares	% held
Mahindra and Mahindra Ltd.	**–**	**–**	3,35,96,424	43.70%	3,35,96,424	43.70%
Mahindra Holdings Limited	**3,59,49,626**	**48.68%**	–	–	–	–
PHI Management Solutions Pvt Ltd	**1,61,84,054**	**21.05%**	1,61,84,054	21.05%	1,91,47,452	24.91%
Valiant Mauritius Partners FDI Limited	**1,02,68,329**	**13.36%**	1,02,68,329	13.36%	1,02,68,329	13.36%
Manheim Export Sarl	**68,45,398**	**8.90%**	68,45,398	8.90%	–	–

Note No. 12: Other Equity

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at March 31, 2015
Retained Earnings	**(1,33,59,84,664)**	(1,17,43,82,743)	(1,06,03,38,359)
Securities Premium Reserve	**1,13,92,24,195**	1,13,92,24,195	1,13,92,24,195
Equity-settled employee benefits reserve	**38,59,060**	28,66,791	18,67,752
Equity instruments through other comprehensive income	**10,33,288**	8,64,000	7,20,000
Remeasurements of the defined benefit obligations	**(33,89,859)**	(8,05,391)	–
Total Other Equity	**(19,52,57,980)**	(3,22,33,148)	8,14,73,588

I. Retained Earnings

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance as at the beginning of the year	**(1,17,43,82,743)**	(1,06,03,38,359)
Loss for the year	**(16,16,01,921)**	(11,40,44,384)
Balance at the end of year	**(1,33,59,84,664)**	(1,17,43,82,743)

II. Securities Premium Reserve

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance as at the beginning of the year	**1,13,92,24,195**	1,13,92,24,195
Balance at the end of year	**1,13,92,24,195**	1,13,92,24,195

This reserve represents premium received on issue of equity shares. The above is after deducting an amount of Rs. 15,87,115/- on issue in earlier years of 3,17,423 Equity shares issued to a Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

III. Equity-settled employee benefits reserve

Particulars	**As at March 31, 2017**	As at March 31, 2016
Balance as at the beginning of the year	**28,66,791**	18,67,752
Impact of ESOP Options Fair valuation	**9,92,269**	9,99,039
Balance at the end of year	**38,59,060**	28,66,791

The above reserve relates to share options granted by the Company to its employees under its Employee Share Option Plan (ESOP). Further information about share-based payments to its employees is set out in note 20A.

IV. Equity instruments through other comprehensive income

Particulars	As at March 31, 2017	As at March 31, 2016
Balance as at the beginning of the year	**8,64,000**	7,20,000
Remeasurements of the Equity instruments through other comprehensive income	**1,69,288**	1,44,000
Balance at the end of year	**10,33,288**	8,64,000

This reserve represents the cumulative gains arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

V. Remeasurements of the defined benefit obligations

Particulars	As at March 31, 2017	As at March 31, 2016
Balance as at the beginning of the year	**(8,05,391)**	–
Remeasurements of the defined benefit liabilities / (asset)	**(25,84,468)**	(8,05,391)
Balance at the end of year	**(33,89,859)**	(8,05,391)

This reserve represents the cumulative gains arising on remeasurement of the employee's defined benefit assets.

Note No. 13- Other Financial Liabilities

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
Other Financial Liabilities Measured at Amortised Cost									
(a) Deposits received from Dealers*	**11,59,702**	**22,00,12,407**	**22,11,72,109**	11,59,702	16,31,59,223	16,43,18,925	20,98,327	12,03,79,791	12,24,78,118
(b) Other long term liabilities									
– Shares held by ESOS trust	**–**	**3,18,67,785**	**3,18,67,785**	–	3,18,67,785	3,18,67,785	–	3,18,67,785	3,18,67,785
(c) Trade Payables for Capital Assets	**1,74,29,160**	**–**	**1,74,29,160**	2,15,14,050	–	2,15,14,050	–	–	–
Total other financial liabilities	**1,85,88,862**	**25,18,80,192**	**27,04,69,054**	2,26,73,752	19,50,27,008	21,77,00,760	20,98,327	15,22,47,576	15,43,45,903

Note:

***** Non-current deposits are re-payable on demand, therefore discounting is not applied on the same.

Refer Note 30 for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. - 14: Provisions

(In Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
(a) Provision for employee benefits									
– Compensated absences	**28,61,678**	**3,13,87,961**	**3,42,49,639**	22,93,691	2,13,50,384	2,36,44,075	20,38,626	1,83,26,065	2,03,64,691
– Gratuity (Refer Note 28)	**3,59,196**	**1,96,83,239**	**2,00,42,435**	2,48,511	1,26,50,230	1,28,98,741	2,44,998	1,06,77,142	1,09,22,140
(b) Other Provisions									
– Provision for VAT dues	**44,26,329**	**–**	**44,26,329**	44,26,329	–	44,26,329	44,26,329	–	44,26,329
Total Provisions	**76,47,203**	**5,10,71,200**	**5,87,18,403**	69,68,531	3,40,00,614	4,09,69,145	67,09,953	2,90,03,207	3,57,13,160

Note No. - 15: Other Liabilities

(In Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	**Non–Current**	**Total**	Current	Non–Current	Total	Current	Non–Current	Total
a) Advances received from customers	**42,93,471**	**–**	**42,93,471**	70,63,066	–	70,63,066	83,08,968	–	83,08,968
b) Deferred Revenues From						–			–
i) Warranty income	**2,24,21,923**	**–**	**2,24,21,923**	1,38,31,448	–	1,38,31,448	57,10,754	–	57,10,754
ii) Registration income	**77,52,579**	**70,18,244**	**1,47,70,823**	51,53,607	62,81,835	1,14,35,442	36,51,961	42,24,909	78,76,870

(In Rupees)

Particulars	As at March 31, 2017 Current	Non–Current	Total	As at March 31, 2016 Current	Non–Current	Total	As at April 1, 2015 Current	Non–Current	Total
c) Statutory dues									
i) Employee recoveries and employer's contributions	**36,27,421**	**–**	**36,27,421**	23,11,824	–	23,11,824	17,94,003	–	17,94,003
ii) TDS and other dues	**95,48,716**	**–**	**95,48,716**	56,82,435	–	56,82,435	71,05,144	–	71,05,144
Total Other Liabilities	**4,76,44,110**	**70,18,244**	**5,46,62,354**	3,40,42,380	62,81,835	4,03,24,215	2,65,70,830	42,24,909	3,07,95,739

Note No.- 16: Trade Payables

(In Rupees)

Particulars	As at March 31, 2017 Current	Non Current	As at March 31, 2016 Current	Non Current	As at April 1, 2015 Current	Non Current
Trade payable for goods & services	**20,13,42,921**	**–**	13,36,02,150	–	5,70,07,893	–
Total trade payables	**20,13,42,921**	**–**	13,36,02,150	–	5,70,07,893	–

Refer Note 30 for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. - 17: Current Tax and Deferred Tax

(i) Movement of Deferred Tax

Particulars	For the Year ended March 31, 2017 Opening Balance	Acquired in Business Combination and recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Intangible Assets - Customer Relationships and Service Provider Contracts	**(4,834,953)**	**897,571**	**–**	**(3,937,382)**
	(4,834,953)	**897,571**	**–**	**(3,937,382)**
Tax effect of items constituting deferred tax assets				
Intangible Assets - Goodwill	**4,159,913**	**(1,912,903)**	**–**	**2,247,010**
	4,159,913	**(1,912,903)**	**–**	**2,247,010**
Net Tax Asset/(Liabilities)	**(675,040)**	**(1,015,332)**	**–**	**(1,690,372)**

Particulars	For the Year ended March 31, 2016 Opening Balance	Acquired in Business Combination and recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Intangible Assets - Customer Relationships and Service Provider Contracts	–	(4,834,953)	–	(4,834,953)
	–	(4,834,953)	–	(4,834,953)
Tax effect of items constituting deferred tax assets				
Intangible Assets - Goodwill	–	4,159,913	–	4,159,913
	–	4,159,913	–	4,159,913
Net Tax Asset/(Liabilities)	–	(675,040)	–	(675,040)

ii) Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deductible Temporary differences (will never expire)	**131,536,833**	104,954,215	108,467,197
Unused Tax losses (revenue in nature)	**596,089,288**	647,721,444	705,204,287
Total	**727,626,121**	752,675,659	813,671,484

The unrecognised tax losses carried forward expire as follows:

Expiry Year	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial year 2014-15	**–**	–	57,482,843
Financial year 2015-16	**–**	191,605,537	191,605,537
Financial year 2016-17	**173,026,486**	173,026,486	173,026,486
Financial year 2017-18	**68,012,285**	68,012,285	68,012,285
Financial year 2018-19	**43,764,545**	43,764,545	43,764,545
Financial year 2019-20	**96,651,031**	96,651,031	96,651,031
Financial year 2020-21	**74,661,560**	74,661,560	74,661,560
Financial year 2021-22	**–**	–	–
Financial year 2022-23	**–**	–	–
Financial year 2023-24	**58,906,911**	–	–
Financial year 2024-25	**81,066,470**	–	–
Total	**596,089,288**	647,721,444	705,204,287

The income tax expense for the year can be reconciled to the accounting Loss as follows:

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
Loss before tax		**(160,586,589)**	(113,369,344)
Income tax expense calculated at 30.90%	A	**(49,621,256)**	(35,031,127)
Effect of expenses that is non-deductible in determining taxable profit		**15,649,463**	8,005,068
Effect of unused tax losses for which no deferred tax asset is recognised		**33,971,793**	27,026,060
	B	**49,621,256**	35,031,127
Income tax expense recognised in Profit or loss (A-B)		**–**	–

Note No. -18 Revenue from Operations

The following is an analysis of the company's revenue for the year.

(In Rupees)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
a)	Revenue from sale of products	**1,95,60,892**	–
b)	Revenue from rendering of services	**79,78,73,351**	43,81,02,379
c)	Other operating revenue	**7,45,03,909**	5,54,96,223
Total Revenue from Operations		**89,19,38,152**	49,35,98,602

(In Rupees)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
a)	Sale of products comprises :		
	– Sale of Used Vehicles	**1,95,60,892**	–
	Revenue from sale of products	**1,95,60,892**	–
b)	Sale of services comprises :		
	– Franchisee Fee	**27,13,27,573**	21,38,54,606
	– Commission income	**10,78,16,722**	6,73,73,742
	– Vehicle Valuation fee	**12,05,59,599**	6,58,21,214
	– Vehicle Preinspection fee	**16,05,81,768**	6,25,10,587
	– Yard Management Parking fee	**8,16,54,049**	–
	– Other Services	**5,59,33,640**	2,85,42,230
	Revenue from rendering of services	**79,78,73,351**	43,81,02,379
c)	Other operating revenues comprise:		
	– Warranty Income	**6,06,72,461**	4,80,13,686
	– Franchise security deposit forfeited	**–**	17,71,783
	– Deferred Income Recognition warranty	**1,38,31,448**	57,10,754
	Other operating revenues	**7,45,03,909**	5,54,96,223

Note No. -19 Other Income

(In Rupees)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Interest Income		
	(1) On Corporate Deposits	**2,28,52,565**	2,05,71,579
	(2) Bank deposits	**2,34,75,201**	4,53,77,256
	(3) Other	**15,89,940**	1,49,116
(b)	Dividend Income		
	– on financials assets designated as FVTPL	**–**	1,21,588
	– on financials assets designated as FVTOCI	**15,000**	15,000
(c)	Operating lease rental income	**1,12,91,210**	1,08,50,242
(d)	Profit on sale of capital assets (net of loss on assets sold/scrapped/written off)	**–**	3,81,452
(e)	Net gain/(loss) recorded in profit or loss on Mutual Funds designated at FVTPL	**61,210**	95,675
(f)	Net gain/(loss) arising on sale of financials assets designated at FVTPL	**21,17,751**	21,48,395
(g)	Gain arising on derecognition of financial liabilities		
	– Sundry credit balances written back	**–**	96,70,675
(h)	Miscellaneous income	**–**	46,40,286
Total Other Income		**6,14,02,877**	9,40,21,264

Note No. - 20 Employee Benefits Expense

(In Rupees)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Salaries and wages, including bonus	**32,59,13,802**	22,46,41,104
(b)	Contribution to provident and other funds	**1,89,63,145**	1,28,25,447
(c)	Gratuity	**49,19,482**	39,15,360
(d)	Share based payments to employees (see note 20A)		
	– Equity-settled share-based payments	**9,92,269**	9,99,039
(e)	Staff welfare expenses	**1,45,11,801**	1,46,61,115
Total Employee Benefit Expense		**36,53,00,499**	25,70,42,065

Note No. - 20A Employee share option plan of the company

1.1. Details of the employees share option plan of the Company

MFCWL has share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees and its subsidiaries. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Each employee share option converts into the equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from various financial and customer service measures:

The Company has framed an Equity settled "Employee Stock Option Scheme (ESOS), 2010" for its employees. It has a trust viz. Mahindra First Choice Wheels Limited Employees' Stock Option Trust" (ESOS trust), which would hold the shares for the benefit of the eligible employees, including Directors of the Company and its subsidiaries. In addition to the above, the Company has also settled "Employee Stock Option Scheme (ESOS), 2015" for its employees.

The following share-based payment arrangements were in existence during the current and prior years.

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
				Rs.	**Rs.**
First	23,36,483	4th Oct 2010	3rd Oct 2015	10/-	0.7
Second	9,21,817	31st Aug 2012	30th Aug 2017	10/-	2.46
Third	7,52,226	21st Apr 2013	20th Apr 2018	10/-	2.93
Fourth	2,67,463	2nd Sept 2013	1st Sept 2018	10/-	2.93
Fifth	16,76,702	30th July 2015	29th July 2020	10/-	0.69
Sixth	1,15,357	27th Jan 2016	26th Jan 2021	10/-	0.69
Seventh	3,75,307	25th Oct 2016	24th Oct 2021	10/-	1.25
Eighth	33,937	25th Jan 2017	24th Jan 2022	10/-	1.25

1.2 Fair value of share options granted in the year

The weighted share value of share option granted during the financial year is Rs. 1.25 (during the year ended March 31, 2016: Rs. 0.69). Options were priced using the Black-Scholes-Merton pricing model. An average exercise period of 4 years has been assumed based on our estimate. In view of the losses, Expected volatility is based on various considerations.

	Option series							
Inputs into the model	**Series 1**	**Series 2**	**Series 3**	**Series 4**	**Series 5**	**Series 6**	**Series 7**	**Series 8**
Grant date share price (Rs.)	5/-	8/-	9/-	9/-	5/-	5/-	6/-	6/-
Exercise price (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
Expected volatility	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Option life (Years)	5	5	5	5	5	5	5	5
Dividend yield	5%	5%	5%	5%	5%	5%	5%	5%
Risk-free interest rate	7.64%-8.38%	8.16%-8.36%	8%	8%	8%	8%	8%	8%

1.3 Movements in share options during the year

The following reconciles share options outstanding at the beginning and end of the year:

	2016-2017		2015-2016	
Particular	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of year	**29,50,901**	**Rs. 10/-**	12,40,909	Rs. 10/-
Granted during the year	**4,09,244**	**Rs. 10/-**	17,92,059	Rs. 10/-
Forfeited during the year	**–**		–	–
Exercised during the year	**–**		–	–
Lapsed/Expired during the year	**–**		82,067	–
Balance at end of year	**33,60,145**	**Rs. 10/-**	29,50,901	Rs. 10/-

All outstanding options are exercisable at the end of the respective reporting period.

1.4 Share options outstanding at the end of the year

The share option outstanding at the end of the year had weighted average exercise price of Rs.10 (as at March 31, 2016: Rs. 10/-), and the weighted average remaining contractual life of 33 months (as at March 31, 2016: 45 months).

Note No. - 21 Finance Cost

(In Rupees)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
– Other borrowing cost		
– On cash credit accounts	**–**	346
– On others	**17,84,371**	9,33,076
Total finance cost	**17,84,371**	9,33,422

Note No. - 22 Other Expenses

(In Rupees)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
a)	Power & Fuel	**38,64,138**	30,44,328
b)	Repairs and maintenance - Others	**18,14,983**	30,40,130
c)	Rent- Yards	**4,68,38,172**	–
d)	Rent- Other premises	**4,21,67,199**	3,44,73,842
e)	Rates and taxes	**16,84,691**	9,55,717
f)	Warranty related expenses	**1,95,61,767**	1,17,41,005
g)	Certification expenses	**2,57,43,717**	3,16,36,164
h)	Preinspection expenses	**14,29,16,508**	5,42,04,808
i)	Printing and stationary	**39,51,716**	14,95,258
j)	Deputation Charges	**84,00,000**	84,00,000
k)	Office expenses	**27,69,118**	31,02,007
l)	Bad debts written off	**2,41,89,715**	1,24,47,308
	Less: Provision held	**(31,80,685)**	(23,42,336)
		2,10,09,030	1,01,04,972
m)	Information Technology Costs	**2,91,90,286**	1,34,53,196
n)	Internet Charges	**41,99,447**	38,75,260
o)	Communication charges	**80,12,814**	66,76,958
p)	Insurance charges	**10,10,907**	5,21,675
q)	Allowance for Expected Credit Losses	**3,04,80,469**	1,96,57,872
r)	Auditor's remuneration and out-of-pocket expenses (See Note below)	**19,61,104**	13,60,798
s)	Director Sitting Fees	**2,70,000**	2,00,000
t)	Professional fees	**5,07,02,280**	1,70,47,025
u)	Advertisement, Promotion & Selling Expenses	**15,82,24,749**	13,20,06,790
v)	Travelling Expenses	**7,98,61,342**	6,01,42,915
w)	Loss on sale of capital assets (net)	**3,98,250**	–
x)	Share issue expenses	**–**	13,71,300
y)	Miscellaneous expenses	**1,44,46,719**	45,58,602
	TOTAL	**69,94,79,406**	42,30,70,622

Note:

(In Rupees)

Auditor's remuneration and out-of-pocket expenses details:	Year ended March 31, 2017	Year ended March 31, 2016
Audit Fees	**16,50,000**	12,25,000
Other services	**3,00,000**	1,25,000
Reimbursement of expenses	**11,104**	10,798
	19,61,104	13,60,798

Note No. - 23 Earnings Per Share

Basic & Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss for the year used in the calculation of basic earnings per share	**(16,16,01,921)**	(11,40,44,384)
Weighted average number of equity shares	**7,38,44,853**	7,38,44,853
Earnings Per Share - Basic & Diluted	**(2.19)**	(1.54)

Note No. - 24 Contingent liabilities and commitments

Contingent Liabilities not provided for:

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Demands raised by Income tax department where the Company is in appeal.	**3,78,967**	51,85,718	67,13,300
Demand raised by Maharashtra VAT Department where the Company is in appeal	**1,57,87,432**	1,57,87,432	1,57,87,432
TOTAL	**1,61,66,399**	2,09,73,150	2,25,00,732

Note: In respect of above items, till the matters are finally decided, the financial effect cannot be ascertained.

Note No. - 25 Details of Specified Bank Notes

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

Particulars	SBNs		Other denomination notes	Total
Closing cash in hand as on 08.11.2016			1,15,449	1,15,449
(+) Permitted receipts	2,95,000	See note 1	19,43,156	22,38,156
(+) Amount withdrawn from Banks			70,000	70,000
(-) Permitted payments			91,951	91,951
(-) Amount deposited in Banks	7,98,500	See note 2	19,43,156	27,41,656
Closing cash in hand as on 30.12.2016				93,498

Note 1 These represent cash deposits in SBNs made by customers directly in the bank accounts of the Company in respect of trade receivables outstanding as at 08.11.2016, based on specific authorization by the Company in terms of the Notification dated 08.11.2016 issued by the Ministry of Finance.

Note 2 These include cash deposits aggregating Rs. 503,500 being deposits in SBNs made by customers directly in the bank accounts of the Company, for which specific authorization has not been issued by the Company.

Note 3 The closing cash in hand as at 30.12.2016 at Rs. 93,498 will not reconcile by Rs. 409,752 in view of the cash deposits aggregating Rs. 503,500 referred in note 2 above.

Note No. - 26 First-time adoption of Ind-AS

a) Reconciliation of Equity

(In Rupees)

Particulars	Note no	As at March 31, 2016	As at April 1, 2015
Equity as reported under Indian GAAP		72,52,85,938	83,10,62,296
Ind AS Adjustments			
Warranty Expenses Deferred	1	48,61,647	17,07,935
Warranty Expenses Deferred for F15 Reversed in F16	1	(17,07,935)	–
F15 Deferred Income Reversed	2	93,62,715	–
F16 Deferred Income	2	(2,10,41,982)	–
F15 Deferred Income	2	(1,35,87,624)	(1,35,87,624)
Equity-settled Employee Benefits Reserve	3	28,66,791	18,67,752
Equity-settled employee benefits	3	(28,66,791)	(18,67,752)
On account of Fair Valuation of Investments	4	9,79,187	7,39,511
On account difference in profit on sale of Investments	4	(19,511)	–
On account of Business Combination	5	36,90,924	–
On account of Deferred Tax	6	(6,75,040)	–
On account of Finance Cost-Interest charge as per Ind AS	7	(9,32,937)	–
Sub-total		70,62,15,382	81,99,22,118
Equity as reported under IND AS		70,62,15,382	81,99,22,118

b) Reconciliation of Loss

(In Rupees)

Particulars		Year ended March 31, 2016
Loss as per Indian GAAP		(10,57,76,358)
Ind AS Adjustments:		
Warranty Expenses Deferred F16	1	31,53,712
Warranty Expenses Deferred F15 Reversed	1	(17,07,935)
Warranty & Registration Income Deferred F15 Reversed	2	93,62,716
Warranty & Registration Income Deferred F16	2	(2,10,41,982)
Equity-settled Employee Benefits	3	(9,99,039)
On account of Fair Valuation of Investments	4	2,39,675
On account difference in profit on sale of Investments	4	(19,511)
On account of Business combination	5	36,90,924
On account of Deferred Tax	6	(6,75,040)
On account of Finance Cost-Interest charge as per Ind AS	7	(9,32,937)
Sub-total		(11,47,05,775)

(In Rupees)

Particulars	Year ended March 31, 2016
Profit or loss under Ind AS	(11,40,44,384)
Other comprehensive income - Remeasurement of defined liabilities	(8,05,391)
Equity instruments through other comprehensive income	1,44,000
Total comprehensive income under IND AS	(11,47,05,775)

Notes

1. Under previous GAAP, Warranty expenses were accounted upfront when they were incurred. Under Ind AS, the Warranty expenses are charged to the profit and loss over the period of warranty. The net effect of this change is an increase in total equity as at 31st March, 2016 by Rs. 31,53,712. (Rs. 17,07,935 as at 01st April, 2015) and decrease in loss of Rs. 14,45,777 for the year ended 31st March, 2016.
2. Under previous GAAP, Warranty income and Registration income on E-auction Services were accounted upfront when they were received. Under Ind AS, the Warranty income is deferred over the period of the Warranty product and the Registration Income is deferred over the period of it's expected usage. The net effect of this change is a decrease in total equity as at 31st March, 2016 by Rs. 2,52,66,890. (Rs. 1,35,87,624 as at 01st April, 2015) and increase in loss of Rs. 1,16,79,266 for the year ended 31st March, 2016.
3. Under previous GAAP, the cost of equity-settled employee share-based plan was measured using the intrinsic value method. Under IND AS, the cost is required to be measured based on the fair value of the options as at the grant date. The effect of this change is an increase in loss of Rs. 9,99,039 for the year ended 31st March, 2016. There is no impact on total equity.
4. Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognized in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31st March, 2016.

   This increased the retained earnings by Rs. 95,675 as at 31st March, 2016 (1st April, 2015 Rs. 19,511).

   Fair value changes with respect to investments in equity instruments designated as at FVOCI has been recognized in FVOCI- Equity investments reserve as at the date of transition and subsequently in other comprehensive income for the year ended 31st March, 2016. This increased other reserves by Rs. 1,44,000 as at 31st March, 2016 (1st April, 2015 Rs. 7,20,000).

   Consequent to the above the total equity as at 31st March, 2016 increased by Rs. 2,39,675 (1st April, 2015 Rs. 7,39,511) and loss and other comprehensive income for the year ended 31st March, 2016 decreased by Rs. 95,675 and Rs. 1,44,000 respectively.
5. On 14th October 2015, the Company acquired the business of M/s Autorisk Management Services Private Limited. Under Ind AS, this business acquisiton is considered as a business combination. In the previous GAAP, such acquisitions were recorded at cost as assets under the respective block of assets. In Ind AS, these assets are to be recognised at Fair Value. Accordingly, the Company has fair valued those assets and the impact of this in the equity as at 31st March, 2016 is Rs. 36,90,924 and the loss for the year ended 31st March, 2016 has decreased by Rs. 36,90,924. Refer Note 27.
6. During the previous year, the Company acquired the Autorisk business which was considered as a business combination. Accordingly the company has recognised deferred tax asset and liability at the acquisition date. Consequently, the changes in the deferred tax asset and liability is recognised - Rs. 6,75,040 in equity as at 31st March, 2016 and an increase in the loss for the year ended 31st March, 2016 of Rs. 6,75,040.

7. Under previous GAAP, the purchase consideration payable for the acquisition of the Autorisk Business was payable over 3 years at annual rests. Under Ind AS, these installments are to be measured at fair value i.e. on discounted cash flow basis. The difference between both is recognised as a finance cost. The effect of this is a decrease in total equity as at 31st March, 2016 by Rs. 9,32,937 and an increase in loss of Rs. 9,32,937 for the year ended 31st March, 2016. Refer Note 27.

c) Material adjustments to the Statement of Cash Flows

		Year ended March 31, 2016		
Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	1	(11,23,21,516)	33,42,072	(11,56,63,588)
Net cash flows from investing activities	2	(2,93,84,175)	(42,75,010)	(2,51,09,165)
Net cash flows from financing activities	3	(484)	9,32,938	(9,33,422)
Net increase (decrease) in cash and cash equivalents		(14,17,06,175)		(14,17,06,175)
Cash and cash equivalents at beginning of period		15,32,77,784	–	15,32,77,784
Cash and cash equivalents at end of period		1,15,71,609	–	1,15,71,609
		(14,17,06,175)	–	(14,17,06,175)

Note:

1. Under Ind AS, certain income and expenses were deferred resulting in the adjustments.
2. Under Ind AS, Business Combination and Fair Valuation Adjustment effects are considered.
3. Under previous GAAP, the purchase consideration payable for the acquisition of the Autorisk Business was payable over 3 years at annual rests. Under Ind AS, these instalments are to be measured at fair value i.e. on discounted cash flow basis.

Note No. 27 - Business Combinations

a) Business Acquired - Autorisk Management Services Private Limited

On 14th October 2015, the Company acquired the business of M/s Autorisk Management Services Private Limited for a consideration of Rs. 3,41,50,000 which when fair valued, comes to Rs. 2,98,00,000. The primary reason for business combination was to take a leadership position in the Break-in Insurance space as well as to leverage on the business delivery model for synergised growth of other verticals. The Company had taken over only the entire customer service contracts of M/s Autorisk Management Services Private Limited.

The above purchase consideration is payable in 4 tranches: First at the time of signing, then on three anniversaries following the date of execution. In the second & third/final tranch, an adjustment needs to made in the consideration based on certain revenue and EBITA targets being achieved in the financial year preceeding the respective annivesary date. Based on the performance so far, the company opines that there would be no performance adjustment to be done in the above consideration. Hence, there is no contingent consideration payable.

b) Assets Acquired and liabilities recognised at the date of acquisition

Particulars	**Amount (in Rs.)**
Current Assets	–
Non-current assets	
Customer Relationships	1,45,00,000
Service Provider Contracts	25,00,000
Intellectual Property	15,00,000
Implied Goodwill	1,13,00,000
	2,98,00,000

c) Goodwill arising on acquistion

Particulars	**Amount (in Rs.)**
Consideration transferred	2,98,00,000
Less : Fair Value of net assets acquired	1,85,00,000
Goodwill/(Capital Reserve) Arising on acquisition	1,13,00,000

Goodwill arose in the acquisition of Autorisk Business because the consideration paid effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Autorisk Business. These benefits are not recognised seperately from goodwill because they do not meet recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

d) Impact of acquisitions on the results of the Company

Included in the Loss for the year is Rs. 78,51,993 attributable to the additional business generated from Autorisk Management Services Private Limited. Revenue for the year includes Rs. 6,25,10,587 in respect of Autorisk Management Services Private Limited.

Had the business combination been effected at 31st March, 2015, the revenue of the Company would have been Rs. 55,61,09,189 and the loss for the year would have been INR 12,25,57,768. The Directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the Company on an annualised basis and to provide a reference point for comparison in future periods.

Note No. 28 - Employee benefits

a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 1,89,63,145 (2016 : Rs. 1,28,25,447) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the 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.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.Thus, an increase in inflation will also increase the deficit to some extent.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	March 31, 2017	March 31, 2016	March 31, 2015
Discount rate(s)	**7.55%**	8.05%	7.90%
Expected rate(s) of salary increase	**7.00%**	7.00%	7.00%

Defined benefit plan – as per actuarial valuation on March 31, 2017

	Unfunded Plan Gratuity	
Particulars	**2017**	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost:		
Current Service Cost	**38,91,136**	30,26,104
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**10,28,346**	8,53,172
Components of defined benefit costs recognised in profit or loss	**49,19,482**	38,79,276
I. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**1,28,98,741**	1,09,22,140
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**38,91,136**	30,26,104
– Past Service Cost	**–**	–
– Interest Expense (Income)	**10,28,346**	8,53,172
3. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**15,07,986**	(3,03,159)
iii. Experience Adjustments	**10,76,482**	11,08,550
4. Benefit payments	**(4,37,636)**	(13,98,800)
5. Others - transfers	**77,380**	(13,09,266)
6. Present value of defined benefit obligation at the end of the year	**2,00,42,435**	1,28,98,741
II. Actuarial assumptions		
1. Discount rate	**7.55%**	8.05%
2. Attrition rate		
Age in Years 21-44	**2.00%**	2.00%
Age in Years 45-59	**1.00%**	1.00%
iii. Medical premium inflation	**7.00%**	7.00%

SENSITIVITY ANALYSIS

	2017		2016	
	Discount Rate	**Salary Escal. Rate**	Discount Rate	Salary Escal. Rate
Defined Benefit obligation plus 100bps	**1,71,76,501**	**2,30,04,030**	1,10,99,195	1,48,06,108
Defined Benefit obligation minus 100bps	**2,35,90,515**	**1,75,00,710**	1,51,12,182	1,12,36,765

The above sensitivities analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

PROJECTED PLAN CASH FLOW

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	**2017**	2016
Expected Benefits for Year 1	**3,59,196**	2,48,511
Expected Benefits for Year 2	**6,94,050**	2,90,291
Expected Benefits for Year 3	**4,78,500**	5,68,662
Expected Benefits for Year 4	**5,33,076**	3,69,412
Expected Benefits for Year 5	**5,79,711**	3,98,284
Expected Benefits for Year 6	**7,60,661**	4,01,784
Expected Benefits for Year 7	**9,30,023**	5,00,736
Expected Benefits for Year 8	**25,88,379**	6,61,546
Expected Benefits for Year 9	**22,41,884**	20,55,242
Expected Benefits for Year 10 and above	**7,72,14,005**	5,38,08,117

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 5 years.

Experience Adjustments :	**Period Ended**				
	2017	2016	2015	2014	2013
	Gratuity				
1. Defined Benefit Obligation	**2,00,42,435**	1,28,98,741	1,09,22,140	69,17,021	69,04,763
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**(2,00,42,435)**	(1,28,98,741)	(1,09,22,140)	(69,17,021)	(69,04,763)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**10,76,482**	11,08,550	(97,225)	1,48,323	(6,94,390)
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

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.

Note No. 29 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

Financial assets/ financial liabilities	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	March 31, 2017	March 31, 2016	March 31, 2015				
1) Investment in equity instruments at FVTOCI (Unquoted)	**11,33,288**	9,64,000	8,20,000	Level 3	Unquoted bid prices	Long term revenue growth rates	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value
2) Mutual Fund Investments	**2,41,89,396**	7,00,95,676	3,17,53,007	Level 1	Quoted bid prices in an active market	–	–
3) Consideration in a business combination (For Assets)	**–**	2,98,00,000	–	Level 3	DCF method was used to capture the expected future economic benefits that will flow out of the Company	Discount rate of 22.9%, determined using Capital Asset Pricing Model	An increase in the discount rate used in isolation would result in a significant decrease in the fair value

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

	March 31, 2017		March 31, 2016		March 31, 2015	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets						
Non-Current Financial Assets carried at Amortised Cost						
– Security Deposits	**5,07,94,446**	**5,07,94,446**	4,97,33,370	4,97,33,370	4,83,54,182	4,83,54,182
– Bank Deposit with more than 12 months maturity	**92,029**	**92,029**	92,029	92,029	92,029	92,029
Current Financials Assets carried at Amortised Cost						
– Trade receivables	**32,30,53,250**	**32,30,53,250**	14,70,29,825	14,70,29,825	8,55,66,646	8,55,66,646
– Cash & Bank Balance	**23,93,68,948**	**23,93,68,948**	49,37,73,021	49,37,73,021	56,54,82,328	56,54,82,328
– Other Current Loans	**29,19,03,691**	**29,19,03,691**	21,52,15,882	21,52,15,882	27,65,71,158	27,65,71,158
– Accrued Interest	**9,97,266**	**9,97,266**	31,25,569	31,25,569	38,42,563	38,42,563
Financial Liabilities						
Non-Current Financial liabilities not carried at Fair Value						
– Deposits received from Dealers	**22,00,12,407**	**22,00,12,407**	16,31,59,223	16,31,59,223	12,03,79,791	12,03,79,791
– Shares held by ESOS trust	**3,18,67,785**	**3,18,67,785**	3,18,67,785	3,18,67,785	3,18,67,785	3,18,67,785
Current Financial liabilities not carried at Fair Value						
– Trade payable for goods & services	**20,13,42,921**	**20,13,42,921**	13,36,02,150	13,36,02,150	5,70,07,893	5,70,07,893
– Advances received from customers	**42,93,471**	**42,93,471**	70,63,066	70,63,066	83,08,968	83,08,968
– Deposits received from Dealers	**11,59,702**	**11,59,702**	11,59,702	11,59,702	20,98,327	20,98,327
– Trade Payables for Capital Assets	**1,74,29,160**	**1,74,29,160**	2,15,14,050	2,15,14,050	–	–

Fair Valued Hierarchy as at March 31,2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Non-Current Financial Assets carried at Amortised Cost				
– Security Deposits	–	5,07,94,446	–	5,07,94,446
– Bank Deposit with more than 12 months maturity	–	92,029	–	92,029
– Non-Current Investments	–	–	11,33,288	11,33,288
Current Financials Assets carried at Amortised Cost				–
– Trade receivables	–	32,30,53,250	–	32,30,53,250
– Cash & Bank Balance	–	23,93,68,948	–	23,93,68,948
– Other Current Loans	–	29,19,03,691	–	29,19,03,691
– Accrued Interest	–	9,97,266	–	9,97,266
– Current Investments	2,41,89,396	–	–	2,41,89,396
TOTAL	**2,41,89,396**	**90,62,09,630**	**11,33,288**	**93,15,32,314**

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	–	22,00,12,407	–	22,00,12,407
– Shares held by ESOS trust	–	3,18,67,785	–	3,18,67,785
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	–	20,13,42,921	–	20,13,42,921
– Advances received from customers	–	42,93,471	–	42,93,471
– Deposits received from Dealers	–	11,59,702	–	11,59,702
– Trade Payables for Capital Assets	–	1,74,29,160	–	1,74,29,160
TOTAL	**–**	**47,61,05,446**	**–**	**47,61,05,446**

Note No. 30 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to maximise the shareholders value.

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.

Categories of financial assets and financial liabilities

			As at 31 March 2017	
Particulars	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**–**	**–**	**11,33,288**	**11,33,288**
Security Deposits & Loans	**5,07,94,446**	**–**	**–**	**5,07,94,446**
Bank Deposit with more than 12 months maturity	**92,029**	**–**	**–**	**92,029**
Current Assets				
Investments	**–**	**2,41,89,396**	**–**	**2,41,89,396**
Trade Receivables	**32,30,53,250**	**–**	**–**	**32,30,53,250**
Other Bank Balances	**23,93,68,948**	**–**	**–**	**23,93,68,948**
Loans	**29,19,03,691**	**–**	**–**	**29,19,03,691**
Accrued Interest	**9,97,266**	**–**	**–**	**9,97,266**
Non-current Liabilities				
Trade Payables	**–**	**–**	**–**	**–**
Other Financial Liabilities				
Deposits received from Dealers	**22,00,12,407**	**–**	**–**	**22,00,12,407**
Shares held by ESOS trust	**3,18,67,785**	**–**	**–**	**3,18,67,785**
Current Liabilities				
Trade Payables	**20,13,42,921**	**–**	**–**	**20,13,42,921**
Other Financial Liabilities				
Deposits received from Dealers	**11,59,702**	**–**	**–**	**11,59,702**
Trade Payables for Capital Assets	**1,74,29,160**	**–**	**–**	**1,74,29,160**
Advances received from customers	**42,93,471**	**–**	**–**	**42,93,471**

			As at 31 March 2016	
Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments			9,64,000	9,64,000
Bank Deposit with more than 12 months maturity	92,029	–	–	92,029
Security Deposits & Loans	4,97,33,370	–	–	4,97,33,370
Current Assets				
Investments	–	7,00,95,676	–	7,00,95,676
Trade Receivables	14,70,29,825	–	–	14,70,29,825
Other Bank Balances	49,37,73,021	–	–	49,37,73,021
Loans	21,52,15,882	–	–	21,52,15,882
Accrued Interest	31,25,569	–	–	31,25,569

Particulars	Amortised Costs	FVTPL	FVOCI	As at 31 March 2016 Total
Non-current Liabilities				
Trade Payables	–	–	–	–
Other Financial Liabilities				
Deposits received from Dealers	16,31,59,223	–	–	16,31,59,223
Shares held by ESOS trust	3,18,67,785	–	–	3,18,67,785
Current Liabilities				
Trade Payables	13,36,02,150	–	–	13,36,02,150
Other Financial Liabilities				
Deposits received from Dealers	11,59,702	–	–	11,59,702
Trade Payables for Capital Assets	2,15,14,050	–	–	2,15,14,050
Advances received from customers	70,63,066	–	–	70,63,066

Particulars	Amortised Costs	FVTPL	FVOCI	As at 1 April 2015 Total
Non-current Assets				
Investments			8,20,000	8,20,000
Bank Deposit with more than 12 months maturity	92,029	–	–	92,029
Security Deposits & Loans	4,83,54,182	–	–	4,83,54,182
Current Assets				
Investments	–	3,17,53,007	–	3,17,53,007
Trade Receivables	8,55,66,646	–	–	8,55,66,646
Other Bank Balances	56,54,82,328	–	–	56,54,82,328
Loans	27,65,71,158	–	–	27,65,71,158
Accrued Interest	38,42,563	–	–	38,42,563
Non-current Liabilities				
Trade Payables	–	–	–	–
Other Financial Liabilities				
Deposits received from Dealers	12,03,79,791	–	–	12,03,79,791
Shares held by ESOS trust	3,18,67,785	–	–	3,18,67,785
Current Liabilities				
Trade Payables	5,70,07,893	–	–	5,70,07,893
Other Financial Liabilities				
Deposits received from Dealers	20,98,327	–	–	20,98,327
Trade Payables for Capital Assets	–	–	–	–
Advances received from customers	83,08,968	–	–	83,08,968

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The company evaluates its customers of its different business segments as follows:

Franchise:

The selection of Franchisees is based on local references, enquiries in the local area, Financial standing of the franchisees, credit worthiness, past experience and performance record etc. In most of the cases, appropriate security deposit are received to ensure that the credit risk with regard to these franchisees are minimised. Franchisees, where security deposit is not received, are associated with Mahindra & Mahindra as its dealers with a good performance record. In view of this relationship with the Company, the credit risk in this case is minimised. In a situation where Security Deposit's are not collected, one year's Franchisee fees collected in advance.

Auction:

The services are offered to well established, credit worthy and reputed financial institutions, banks and companies. We use publicly available financial information, our own trading records, internal market intelligence reports etc. to evaluate these customers. To cover the risk of likely failure of the buyer in paying the seller the consideration for the asset purchased in an auction as well as to safeguard the fees payable by the buyers, wherever applicable, adequate Earnest Money Deposit is collected from every buyer.

Autoinspekt:

The services are offered to well established, credit worthy and reputed financial institutions, banks and companies. We use publicly available financial information, our own trading records, internal market intelligence reports etc. to evaluate these customers.

Inspections:

The services are offered to well established and credit worthy Private & Public General Insurance Companies. We use publicly available financial information, our own trading records, internal market intelligence reports etc. to evaluate these customers.

The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

			As at March 31, 2017	
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate %			**36%**	**16.7%**
Gross carrying amount	–	**21,00,21,708**	**17,77,43,231**	**38,77,64,939**
Allowance for Expected Credit Losses	–	–	**6,47,11,690**	**6,47,11,690**

			As at March 31, 2016	
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–		45%	20.3%
Gross carrying amount		10,19,21,549	8,25,20,182	18,44,41,731
Allowance for Expected Credit Losses	–	–	3,74,11,906	3,74,11,906

			As at April 1, 2015	
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate				
Gross carrying amount	–		58.8%	19.0%
Loss allowance provision	–	7,15,02,093	3,41,60,924	10,56,63,017
	–	–	2,00,96,371	2,00,96,371

Reconciliation of loss allowance provision for Trade Receivables

Particulars			**Amount (In Rs)**
	March 31, 2017	March 31, 2016	April 1, 2015
Balance as at beginning of the year	**3,74,11,907**	2,00,96,371	1,81,41,860
Impairment losses recognised in the year based on lifetime expected credit losses	**3,04,80,469**	1,96,57,872	1,90,21,623
Amounts written off during the year as uncollectible	**(31,80,685)**	(23,42,336)	(1,70,67,112)
Balance at end of the year	**6,47,11,691**	3,74,11,907	2,00,96,371

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which provides guidance for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by efficient management of surplus cash and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year (In Rs.)**	**1-3 Years (In Rs.)**	**3 Years to 5 Years (In Rs.)**	**5 years and above (In Rs.)**
Non-derivative financial liabilities				
March 31, 2017				
Non-interest bearing				
– Trade payable for goods & services	**20,13,42,921**	–	–	–
– Security Deposit	**11,59,702**	**22,00,12,407**	–	–
– Advances received from customers	**42,93,471**	–	–	–
– Trade Payables for Capital Assets	**1,74,29,160**	–	–	–
– Shares held by ESOS trust	–	**3,18,67,785**	–	–
TOTAL	**22,42,25,254**	**25,18,80,192**	–	–
March 31, 2016				
Non-interest bearing				
– Trade payable for goods & services	13,36,02,150	–	–	–
– Security Deposit	11,59,702	16,31,59,223	–	–
– Advances received from customers	70,63,066	–	–	–
– Trade Payables for Capital Assets	2,15,14,050	–	–	–
– Shares held by ESOS trust	–	3,18,67,785	–	–
TOTAL	16,33,38,968	19,50,27,008	–	–
April 1, 2015				
Non-interest bearing				
– Trade payable for goods & services	5,70,07,893	–	–	–
– Security Deposit	20,98,327	12,03,79,791	–	–
– Advances received from customers	83,08,968	–	–	–
– Trade Payables for Capital Assets	–	–	–	–
– Shares held by ESOS trust	–	3,18,67,785	–	–
TOTAL	6,74,15,188	15,22,47,576	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)
Non-derivative financial assets				
March 31, 2017				
Non-interest bearing				
– Security Deposits & Loans	**5,07,94,446**	**3,18,67,785**	–	
– Bank Deposit with more than 12 months maturity	–	**92,029**	–	–
– Trade receivables	**32,30,53,250**	–	–	–
– Cash & Bank Balance	**23,93,68,948**	–	–	–
– Other Current Loans	**29,19,03,691**	–	–	–
– Accrued Interest	**9,97,266**	–	–	–
– Investments	**2,41,89,396**			**11,33,288**
TOTAL	**93,03,06,997**	**3,19,59,814**	–	**11,33,288**
March 31, 2016				
Non-interest bearing				
– Security Deposits & Loans	4,97,33,370	3,18,67,785	–	
– Bank Deposit with more than 12 months maturity	–	92,029	–	–
– Trade receivables	14,70,29,825	–	–	–
– Cash & Bank Balance	49,37,73,021	–	–	–
– Other Current Loans	21,52,15,882	–	–	–
– Accrued Interest	31,25,569	–	–	–
– Investments	7,00,95,676			9,64,000
TOTAL	97,89,73,343	3,19,59,814	–	9,64,000
April 1, 2015				
Non-interest bearing				
– Security Deposits & Loans	4,83,54,182	3,18,67,785	–	
– Bank Deposit with more than 12 months maturity	–	92,029	–	–
– Trade receivables	8,55,66,646	–	–	–
– Cash & Bank Balance	56,54,82,328	–	–	–
– Other Current Loans	27,65,71,158	–	–	–
– Accrued Interest	38,42,563	–	–	–
– Investments	3,17,53,007			8,20,000
TOTAL	1,01,15,69,884	3,19,59,814	–	8,20,000

Note 31: Disclosures under Ind AS 17

(In Rupees)

Note	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Details of leasing arrangements		
	As Lessor		
	Operating Lease		
1.	The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 2 years and may be renewed for a further period of 3 years based on mutual agreement of the parties.		
	Future minimum lease payments		
	not later than one year	90,64,245	1,18,20,295
	later than one year and not later than five years	57,82,269	1,48,46,514
	later than five years	–	–
	As Lessee		
	Operating Lease		
2.	The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 2 to 9 years and may be renewed for a further period of 1-3 years based on mutual agreement of the parties.		
	Future Non-Cancellable minimum lease commitments		
	not later than one year	3,53,66,617	3,62,22,788
	later than one year and not later than five years	5,35,64,198	7,91,21,165
	later than five years	–	98,09,650
	Expenses recognised in the Statement of Profit and Loss		
	Minimum Lease Payments	8,90,05,372	3,44,73,842

Note 32 : Related Party Transactions:

I. List of Related Parties and Relationships:

Mahindra & Mahindra Limited (w.e.f. 26th December, 2016)	Ultimate Holding Company
Mahindra & Mahindra Limited (upto 25th December, 2016)	Holding Company
Mahindra Holdings Limited (w.e.f. 26th December, 2016)	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Engineering Services Limited	Fellow Subsidiary Company
Bristlecone India Ltd	Fellow Subsidiary Company
Mahindra Intertrade Ltd	Fellow Subsidiary Company
Mahindra Gears & Transmission Pvt Ltd (till 10th December 2014)**	Fellow Subsidiary Company
Mahindra Two Wheelers Ltd	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Ltd	Fellow Subsidiary Company
Mahindra Lifespace Developers Ltd	Fellow Subsidiary Company
Mahindra Insurance Brokers Ltd	Fellow Subsidiary Company
MFCWL Employees Stock Option Trust	ESOS Trust Company
Dr. Nagendra Palle (CEO) (Appointed w.e.f 18th March 2013)	Key Management Personnel

II. Details of transaction between the company and other related parties are disclosed below:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payables			
Ultimate Holding Company	**89,91,288**	–	–
Holding Company	**–**	32,40,547	53,73,331
Fellow Subsidiary Companies	**4,66,484**	4,25,169	41,135
Trade Receivables			
Ultimate Holding Company	**8,91,810**	–	–
Holding Company	**–**	3,60,714	25,70,837
Fellow Subsidiary Companies	**3,28,07,713**	1,59,99,674	1,25,53,184
Security Deposit Paid			
Ultimate Holding Company	**–**	–	–
Holding Company	**–**	–	–
Fellow Subsidiary Companies	**16,20,000**	16,20,000	–
Security Deposit Received			
Ultimate Holding Company	**–**	–	–
Holding Company	**–**	–	–
Fellow Subsidiary Companies	**26,39,740**	26,39,740	62,39,740
Inter Corporate Deposits (ICD) **			
Ultimate Holding Company			
Holding Company			
Fellow Subsidiary Companies			8,75,00,000

	Year ended March 31, 2017	Year ended March 31, 2016
Purchases		
Ultimate Holding Company	**–**	–
Holding Company	**–**	–
Fellow Subsidiary Companies	**–**	–
Expenditure		
Rent		
Ultimate Holding Company	**21,84,360**	–
Holding Company	**–**	43,47,534
Fellow Subsidiary Companies	**64,80,000**	5,40,000
Reimbursement of Cost*		
Ultimate Holding Company	**1,04,88,037**	–
Holding Company	**–**	1,09,20,143
Fellow Subsidiary Companies	**3,52,320**	2,97,521
Refurbishment Expenses		
Ultimate Holding Company	**–**	–
Holding Company	**–**	–
Fellow Subsidiary Companies	**–**	–
Travelling Expenses		
Ultimate Holding Company	**8,16,481**	–
Holding Company	**–**	8,23,587
Fellow Subsidiary Companies	**–**	–
Professional Fees		
Ultimate Holding Company	**1,14,63,866**	–
Holding Company	**–**	2,17,082
Fellow Subsidiary Companies	**27,15,172**	4,69,218
Payment to other Group Companies		
Ultimate Holding Company	**–**	–
Holding Company	**–**	–
Fellow Subsidiary Companies	**–**	44,50,083
Income from Services		
Ultimate Holding Company	**13,70,658**	–
Holding Company	**–**	11,56,306
Fellow Subsidiary Companies	**9,24,34,821**	4,78,52,432
E-Platform Development Fees		
Ultimate Holding Company	**–**	–
Holding Company	**–**	–
Fellow Subsidiary Companies	**10,50,000**	–
Recovery From Group Companies		
Receipt of Transferred Employee Benefit Obligations		
Ultimate Holding Company	**10,81,371**	–
Holding Company	**–**	27,56,266
Fellow Subsidiary Companies	**4,09,967**	–
Other Recovery		
Ultimate Holding Company	**–**	–
Holding Company	**–**	26,44,800
Fellow Subsidiary Companies	**47,62,135**	63,47,173
Sale of Fixed Assets		
Ultimate Holding Company	**–**	–
Holding Company	**–**	–
Fellow Subsidiary Companies	**–**	3,04,631

* Includes payment of Rs. 84,00,000/- (Previous Year Rs. 84,00,000) to Mahindra and Mahindra Limited as deputation charges for key management personnel, Dr. Nagendra Palle. (Appointed w.e.f 18th March 2013).

** Fellow subsidiary (Mahindra Gears & Transmissions Pvt. Ltd) ceased to be fellow subsidiary from 10th December 2014 and only transactions till the date of cessation are considered for the disclosures.

Note No.- 33 : Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,34,995	–
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	–	–
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.

Note No.- 34 : Segment Information

The Company is engaged in providing various value added services to their customers in the used vehicle segment. The information reported to the Chief Operating Decision Maker primarily revolves around the revenue generated by each area of business, while he evaluates operational performance on an overall company basis, both from cost and profitability perspectives. Similarly the Board reviews the results from an organisational perspective as well.

Manpower, which is a critical resource, is actually fungible between the areas of business to maximise effectiveness. Similarly, the organisation leverages its product and service delivery structures for offering a suite of services to its customers across all areas of business. Additionally, there are costs incurred towards advertisement, which is another major cost driver, such that its impact permeates across all areas of the organisation's business. Thus, considering the high interchangibilty of its resources and processes for delivering it is objective of serving the used car eco market and the fact that its results are reviewed at an organisational level, the company is a single operating segment.

For and on behalf of the Board

Rajeev Dubey DIN - 00104817	*Director*
Dr. Nagendra Palle DIN - 06964686	*CEO* *& Managing Director*
V. Janakiraman	*Chief Financial Officer*
Pinky Dutta	*Company Secretary*

Place : Mumbai
Date : 2nd May, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fourth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

	For the year ended 31st March, 2017	For the Year ended 31st March, 2016
Total Income	**2265.14**	540.89
Profit/(Loss) before Interest, Depreciation and Taxation	**(343.76)**	(407.76)
Depreciation	**100.12**	73.13
Profit/(Loss) before Tax	**(443.88)**	(480.89)
Net Profit/(Loss)	**(443.88)**	(480.89)
Other Comprehensive Income (OCI)	**5.38**	3.84
Total Comprehensive income for the year,net of tax	**(438.50)**	(477.05)
Balance of Profit/(Loss) brought forward from last year	**(1767.68)**	(1290.63)
Balance of Profit/(Loss) carried forward	**(2206.18)**	(1767.68)
Net Worth	**3090.17**	3528.67

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the end of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

During last year the Company had established production line for Telephonics Dynamic Headsets (TDH) and all sub-systems of RDR Weather radar of Telephonics.

During the year your Company has executed two turnkey projects of Telephonics. The turnkey project of TDH is successfully completed and delivered on time. It is important to highlight that your Company has successfully localised all the parts required for TDH. The second turnkey project is for sub-systems of RDR Weather radar of Telephonics. Your company had successfully met all the milestones of RDR Weather radar project as per the PO.

During the year your Company has also successfully executed the repair contract of LRUs of Weather radar for IAF.

Your Company completed No Cost No Commitment (NCNC) Trial of Precision Approach Radar (PAR) being procured for Indian Navy and Indian Air force (IAF). We are currently awaiting declaration of the NCNC trail results.

Your Company has submitted responses to Ministry of Defence (MoD) for various RFIs and RFPs.

Dividend

In view of loss, your Directors do not recommend any dividend for the year under review.

Share Capital

Authorised Share Capital

There was no change in the Authorised and the paid up share capital of the Company, during the year under review. Accordingly, the authorised share capital of your Company is Rs. 5,500 lakh divided into 5,50,00,000 equity shares of Rs. 10 each and the paid-up share capital of your Company is Rs. 5,078.4313 lakh divided into 5,07,84,313 equity shares of Rs. 10 each.

Directors

Composition:

The composition of the Board of Directors of your Company is as follows:

Sr. No.	**Directors**	**DIN**	**Category (Executive/ Non-executive)**	**Independent/ Non Independent**
1.	Mr. S. P. Shukla, Chairman	00007418	Non-executive	Non Independent
2.	Mr. Kevin McSweeney#	06719828	Non-executive	Non Independent
3.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	00056250	Non-executive	Independent
4.	Rear Admiral Sanjiv Kapoor (Retd.)	07138582	Non-executive	Independent
5.	Dr. Devi Singh	00015681	Non-executive	Independent

Sr. No.	Directors	DIN	Category (Executive/ Non-executive)	Independent/ Non Independent
6.	Mr. Zhooben Bhiwandiwala	00110373	Non-executive	Non Independent
7.	Mr. Hector Colon	06719821	Non-executive	Non Independent
8.	Mr. Mukul Verma	02428217	Non-executive	Non Independent

Appointed as an Additional Director & Vice Chairman w.e.f. 26th May, 2016

Mr. Hector Colon (DIN: 06719821) and Mr. Mukul Verma (DIN: 02428217), Directors, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

All the Directors including Independent 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.

Declaration by Independent Directors

The Company has received declarations from Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Rear Admiral Sanjiv Kapoor (Retd.) and Dr. Devi Singh, the Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

Number of Meetings

Board Meetings

Your Board of Directors met four times during the year under review i.e. on 24th May, 2016, 15th September, 2016, 15th December, 2016 and 14th March, 2017. 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
1.	Mr. S. P. Shukla	4
2.	Mr. Kevin McSweeney#	2
3.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	4
4.	Rear Admiral Sanjiv Kapoor (Retd.)	3
5.	Dr. Devi Singh	4
6.	Mr. Zhooben Bhiwandiwala	2
7.	Mr. Mukul Verma	2
8.	Mr. Hector Colon	4

Appointed as an Additional Director & Vice Chairman w.e.f. 26th May, 2016

General Meetings

The 3rd Annual General Meeting of the Company was held on 15th September, 2016.

Committees of the Board

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of following members:

1. Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Chairman
2. Rear Admiral Sanjiv Kapoor (Retd.)
3. Dr. Devi Singh
4. Mr. S P. Shukla
5. Mr. Kevin McSweeney.

The Committee met two times during the year under review i.e. on 24th May, 2016 and 15th September, 2016.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Chairman	2
2.	Rear Admiral Sanjiv Kapoor (Retd.)	2
3.	Dr. Devi Singh	2
4.	Mr. S. P. Shukla	2
5.	Mr. Joseph Battaglia*	1
6.	Mr. Kevin McSweeney#	1

* Resigned w.e.f. 25th May, 2016

Appointed as a Member w.e.f. 26th May, 2016

Audit Committee

The Audit Committee consists of following members:

1. Dr. Devi Singh, Chairman
2. Rear Admiral Sanjiv Kapoor (Retd.)
3. Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)
4. Mr. Hector Colon
5. Mr. Mukul Verma.

The Committee met two during the year i.e. on 24th May, 2016 and 14th March, 2017.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Dr. Devi Singh, Chairman	2
2.	Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	2
3.	Rear Admiral Sanjiv Kapoor (Retd.)	2
4.	Mr. Mukul Verma	1
5.	Mr. Hector Colon	2

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 Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

Meeting of Independent Directors

One meeting of the Independent Directors of the Company was held on 15th December, 2016 without the presence of the Non-Independent Directors or Chief Executive Officer or Chief Financial Officer or any other Management Personnel. The above 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.

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 31st March, 2017 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; and

(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.

Code of Governance

Your Company has adopted Code of Governance for Corporate Governance ("the Code") for its Directors and Senior Management Personnel and Employees. This Code enunciates 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

There was no change in the Key Managerial Personnel of your Company during the year under review. Mr. Jayantaraj Chatterjee, Mr. Arun Gupta and Mr. Rajesh Parte continued as the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary respectively, for the year under review.

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 form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy which includes the elements of risks which in the opinion of Board may threaten the existence of the Company.

The implementation of the policy is helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

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 has not adopted a CSR policy.

However, during the year under review, your Company has undertaken various activities under its CSR program in Prithla and nearby villages for the welfare of local residents. The employees of your Company have also participated in tree plantation and Swatchh Bharat program.

The Sexual Harassment of Women at Work Place (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.

Auditors

(A) Statutory Auditors

Messrs. S. V. Ghatalia & Associates LLP, Chartered Accountants, (ICAI registration Number 103162W) were appointed as Auditors of your Company to hold office from the conclusion of the 2nd Annual General Meeting (AGM) held on 1st September, 2015 until the conclusion of 7th AGM. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

The members are requested to ratify the appointment of Auditors so made at the forthcoming AGM 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 ratified, would be in conformity with the conditions and criteria specified therein.

There were no qualifications, reservations or adverse remarks made by the Auditors in their Report.

(B) Secretarial Auditors

Your Company has appointed Mr. P. S. Ramnath, Practicing Company Secretary (FCS No: 819 and C.P. No. 4159) as the Secretarial Auditor of the Company in accordance with the provisions of Section 204 of the Companies Act, 2013.

In terms of provisions of sub section (1) of Section 204 of the Companies Act, 2013, the Company has annexed with this Board Report, a Secretarial Audit Report given by the Secretarial Auditor, and the said Secretarial Report, in prescribed form MR 3 at **Annexure II** forms part of this Report.

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 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.

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 III** 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, 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 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. 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 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 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 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. There are no transactions which are required to be disclosed in Form AOC – 2.

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, 2017 in Form 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.

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

S. P. Shukla Director

Kevin McSweeney Director

Mumbai, 2nd May, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

I. 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 Telephonics Integrated Systems Limited ("MTIS").

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

The remuneration to Chairman &/or 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 (CEO), Chief Financial Officer (CFO) and Company Secretary shall be finalised/ 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 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.

Subject to approval by the Board and Shareholders, as may be applicable, the Employees and Directors (other than Independent Directors) may also be granted Stock Options or equivalent benefits in accordance with the ESOP Scheme or similar scheme as may be approved and subject to the compliance of the applicable statutes and regulations.

II. 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 Telephonics Integrated Systems 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 sprit 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 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 or 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 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 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 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

S. P. Shukla Director

Kevin McSweeney Director

Mumbai, 2nd May, 2017

ANNEXURE II TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Telephonics Integrated Systems Limited
Mahindra Towers, P. K. Kurne Chowk,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Telephonics Integrated Systems Limited (hereinafter called 'the Company'). The Secretarial Audit was conducted in a manner which 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, 2017 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, 2017 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under. (Not applicable to the Company during audit period);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment 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(Not applicable to the Company during audit period)

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable to the Company during audit period);

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during 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 during audit period);

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company during audit period);

(vi) **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

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 Securities of the Company are not listed on any Stock Exchange hence no comment is made about Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review the Company has complied with the provisions of the 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 and 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, if any, 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.

P.S. Ramnath
Practicing Company Secretary
FCS No: 819
C.P. No. 4159

Place: Mumbai
Date: May 2, 2017

ANNEXURE I

List of applicable laws to the Company

Under the Major Group and Head

1. 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.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Labour Welfare Act of respective States;
4. The Custom Act, 1962
5. The Shops and Establishment Act, 1948.
6. The Indian Stamp Act, 1899.
7. The State Stamp Acts
8. Negotiable Instruments Act, 1881.

P.S. Ramnath
Practicing Company Secretary
FCS No: 819
C.P. No. 4159

Place: Mumbai
Date: May 2, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

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: 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) 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 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**2005.93**	459.27
Total Foreign Exchange Used	**1392.65**	47.15

For and on behalf of the Board

S. P. Shukla Director

Kevin McSweeney Director

Mumbai, 2nd May, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2017

[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**	U75302MH2013PLC242268
2.	**Registration Date**	22nd April, 2013
3.	**Name of the Company**	Mahindra Telephonics Integrated Systems Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of Registered office and contract details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 Tel. No.: 022 24905828
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	M/s. NSDL Database Management Limited 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Tel: 040 - 4914 2700, Fax: 040 - 49142503

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.	Telephonics Dynamic Headsets (TDH) and Sub-systems of RDR Weather radar	26515	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 Defence Systems Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U75220MH2012PLC233889	Holding Company	51	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	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	2,59,00,000	2,59,00,000	51%	–	2,59,00,000	2,59,00,000	51%	–
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (1)	–	**2,59,00,000**	**2,59,00,000**	**51%**	–	**2,59,00,000**	**2,59,00,000**	**51%**	–

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	
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	2,48,84,313	2,48,84,313	49%	–	2,48,84,313	2,48,84,313	49%	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
a. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (2)	–	2,48,84,313	2,48,84,313	49%	–	2,48,84,313	2,48,84,313	49%	–
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	–	**5,07,84,313**	**5,07,84,313**	**100%**	–	**5,07,84,313**	**5,07,84,313**	**100%**	–
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total - (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
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)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**5,07,84,313**	**5,07,84,313**	**100%**	–	**5,07,84,313**	**5,07,84,313**	**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 shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Mahindra Defence Systems Limited	2,58,99,997	51%	–	2,58,99,997	51%	–	–
2.	Mr. Narayan Shankar (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
3.	Mr. V S Parthasarathy (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
4.	Mr. K. Chandrasekar Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
5.	Telephonics Corporation	2,48,84,311	49%	–	2,48,84,311	49%	–	–
6.	Gritel Holding Co. Incorporation (Nominee of Telephonics Corporation)*	1	–	–	1	–	–	–
7.	Exphonics Incorporation (Nominee of Telephonics Corporation)*	1	–	–	1	–	–	–

* Nominees are holding shares for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoter's shareholding (Please specify, if there is no change) : Nil

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	–	–	–	–
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	–	–	–	–

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.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
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
Indebtedness at the beginning of the financial year 01.04.2015	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2016	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contains in Section 17(1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of 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	–	–	–
	Performance Bonus	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	As per Schedule V of the Act		

B. Remuneration to other Directors:

I. Independent Directors:

(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	Dr. Devi Singh	Rear Admiral Sanjiv Kapoor (Retd.)	
1.	Independent Directors				
	• Fee for attending board/committee meetings	1.20	1.20	1.00	**3.40**
	• Commission				
	• Others, please specify				
	Total (1)	**1.20**	**1.20**	**1.00**	**3.40**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)	Dr. Devi Singh	Rear Admiral Sanjiv Kapoor (Retd.)	
2.	Other Non-Executive Directors				
	• Fee for attending board/committee meetings				
	• Commission				
	• Others, please specify				
	Total (2)				
	Total (B)= (1+2)	1.20	1.20	1.00	**3.40**
	Total Managerial Remuneration				3.40
	Overall Ceiling as per the Act	As per Schedule V of the Companies Act, 2013			

II. Other Non-Executive Directors: **(Rs. In Lakhs)**

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)						
Ceiling as per the Act	As per Schedule V of the Act					

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD: **(Rs. In Lakhs)**

Sr. No.	Particulars of Remuneration	CEO Mr. Jayantaraj Chatterjee	CFO Mr. Arun Gupta	CS Mr. Rajesh Parte	Total Amount
1.	Gross Salary	63.22	35.93	–	99.15
	(a) Salary as per provisions contains in Section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary u/s 17 (3) of Income Tax Act, 1961	–	–	–	–
2.	Stock option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of profit	–	–	–	–
	– Others, specify	–	–	–	–
5.	Others	–	–	–	–
	Performance Bonus	–	–	–	–
	Others	–	–	2.83	2.83
	Total (C)	**63.22**	**35.93**	**2.83**	**105.33**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeals made, if any (give details)
A. COMPANY						
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. DIRECTORS						
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
C. OTHER OFFICERS IN DEFAULT						
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

S. P. Shukla
Director

Kevin McSweeney
Director

Mumbai, 2nd May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Telephonics Integrated Systems Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Telephonics Integrated Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, 2017, its loss including other comprehensive income, its cash flows and the changes in equity 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2017, 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 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.

iv. As per books of account of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period

For **S. V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership Number: 95788

Place: Gurgaon
Date: 2 May 2017

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Mahindra Telephonics Integrated Systems 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 the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the 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 given 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148 (1) of the Companies Act, 2013, for the products and services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(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 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 information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money 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 no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(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) 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 or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) 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 him as referred to in section 192 of Companies Act, 2013..

(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. V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership Number: 95788

Place: Gurgaon
Date: 2 May 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS 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 Telephonics Integrated Systems Limited** ("the Company") as of March 31, 2017 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 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.

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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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, 2017, 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 **S. V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership Number: 95788

Place: Gurgaon
Date: 2 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Amount in Rs. Lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
I. ASSETS				
Non-current assets				
Property, plant and equipment	3	**564.11**	481.01	401.93
Capital work-in-progress	3	**–**	22.91	98.18
Intangible assets	4	**32.84**	–	–
Intangible under development	4	**–**	28.80	–
Financial assets	5			
– Other bank balances		**81.63**	53.87	314.87
– Security deposits		**25.52**	22.01	32.30
Other non-current assets	6	**227.16**	93.54	53.92
		931.26	702.14	901.20
Current assets				
Inventories	7	**351.20**	–	–
Financial assets	8			
– Trade receivables		**1,714.76**	376.70	55.77
– Cash and cash equivalent		**343.45**	2,275.26	49.59
– Bank balances other than cash and cash equivalent		**317.83**	361.33	–
– Other financial assets		**3.72**	47.04	0.05
Other current assets	9	**307.90**	75.41	20.71
		3,038.86	3,135.74	126.12
Total assets		**3,970.12**	3,837.88	1,027.32
II. EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	**5,078.43**	5,078.43	2,000.00
Other Equity	11			
– Security premium		**217.92**	217.92	–
– Retained earnings		**(2,206.18)**	(1,767.68)	(1,290.63)
Equity attributable to equity shareholders		**3,090.17**	3,528.67	709.37
Liabilities				
Non-current liabilities				
Employee benefit obligations	12	**35.20**	21.85	10.62
		35.20	21.85	10.62
Current liabilities				
Financial liabilities	13			
– Trade payables		**647.35**	173.50	168.74
– Other financial liabilities		**32.33**	55.85	96.11
Employee benefit obligations	14	**15.10**	8.93	4.34
Other current liabilities	15	**149.97**	49.08	38.14
		844.75	287.36	307.33
Total Equity and Liabilities		**3,970.12**	3,837.88	1,027.32
Summary of significant accounting policies	2			

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place : Gurgaon
Date : 2 May, 2017

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)** DIN: 00007418
Kevin John McSweeney **(Director)** DIN: 06719828
Jayantaraj Chatterjee **(CEO)**
Arun Gupta **(CFO)**
Rajesh Parte **(Company Secretary)**

Place : Mumbai
Date : 2 May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. Lakhs)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	16	**2,123.11**	459.27
Other income	17	**142.03**	81.62
Total revenue		**2,265.14**	540.89
Expenses			
Project cost	18	**1,308.96**	–
Costs of materials consumed	19	**192.08**	–
Change in inventories of work in progress and finished goods	20	**(1.07)**	–
Employee benefit expenses	21	**475.37**	392.23
Depreciation and amortizaton expense	22	**100.12**	73.13
Other expenses	23	**633.56**	556.42
Total expenses		**2,709.02**	1,021.78
Loss before tax		**(443.88)**	(480.89)
Tax expense			
Current tax		**–**	–
Loss for the year		**(443.88)**	(480.89)
Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
Remeasurements gain/(loss) post employment benefit obligations(net)	24	**5.38**	3.84
Other comprehensive income for the year, net of tax		**5.38**	3.84
Total comprehensive income for the year, net of tax		**(438.50)**	(477.05)
Earning per equity share (nominal value of share Rs.10/-)	32		
Basic earnings per share		**(0.87)**	(1.43)
Diluted earnings per share		**(0.87)**	(1.43)
Summary of significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place : Gurgaon
Date : 2 May, 2017

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)** DIN: 00007418
Kevin John McSweeney **(Director)** DIN: 06719828
Jayantaraj Chatterjee **(CEO)**
Arun Gupta **(CFO)**
Rajesh Parte **(Company Secretary)**

Place : Mumbai
Date : 2 May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. Lakhs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
A.	**Cash flows from operating activities**		
	Loss before tax from operations	**(443.88)**	(480.89)
	Adjustments to reconcile Loss before tax to net cash flow		
	Depreciation and amortization	**100.12**	73.13
	Interest income on bank deposits	**(114.18)**	(78.76)
	Unwinding of discount on security deposits	**(1.88)**	(1.77)
	Unrealised foreign exchange loss/(gain)	**(2.33)**	(1.09)
	Other comprehensive income	**5.38**	3.84
	Deferred Income	**98.23**	10.54
	Operating profit before working capital changes	**(358.54)**	(475.00)
	Movement in working capital:		
	Increase/(decrease) in trade payables	**473.85**	4.76
	Increase/(decrease) in short-term provisions	**6.17**	4.59
	Increase/(decrease) in other current liability	**2.66**	0.40
	Increase/(decrease) in other current financial liability	**2.00**	3.00
	Decrease/(increase) in Inventories	**(351.20)**	–
	Decrease/(increase) in Trade Receivables	**(1,335.73)**	(319.84)
	Increase/(decrease) in long term provisions	**13.35**	11.23
	Decrease/(increase) in non current security deposits	**(1.63)**	12.06
	Decrease/(increase) in other non current assets	**(109.92)**	(39.62)
	Decrease/(increase) in other current financial assets	**43.32**	(46.99)
	Decrease/(increase) in other current assets	**(232.49)**	(54.70)
	Cash used in operations	**(1,848.16)**	(900.11)
	Direct taxes paid		–
	Net cash flow used in operating activities (A)	**(1,848.16)**	(900.11)
B.	**Cash flows from investing activities**		
	Purchase of property,plant and equipment	**(199.32)**	(120.20)
	Purchase of intangibles	**(14.25)**	(28.80)
	Investment in bank deposits liened with government authorities	**15.74**	(100.33)
	Interest income on bank deposits	**114.18**	78.76
	Net cash flow used in investing activities (B)	**(83.65)**	(170.57)
C.	**Cash flows from financing activities**		
	Proceeds from issue of equity shares capital	**–**	3,299.41
	Share Issue expenses	**–**	(3.06)
	Net cash flows from financing activities (C)	**–**	3,296.35
	Net increase in cash and cash equivalents (A+B+C)	**(1,931.81)**	2,225.67
	Cash and cash equivalents at the beginning of the year	**2,275.26**	49.59
	Cash and cash equivalents at the end of the year	**343.45**	2,275.26
	Components of cash and cash equivalents		
	Balance with bank		
	– On current account	**340.95**	126.87
	– Fixed deposits with original maturity of less than three months	**2.50**	2,148.39
	Total cash and cash equivalents	**343.45**	2,275.26
Summary of significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place : Gurgaon
Date : 2 May, 2017

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)** DIN: 00007418
Kevin John McSweeney **(Director)** DIN: 06719828
Jayantaraj Chatterjee **(CEO)**
Arun Gupta **(CFO)**
Rajesh Parte **(Company Secretary)**

Place : Mumbai
Date : 2 May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity Share Capital

(Amount in Rs. Lakhs)

	Notes	Nos.	
Equity shares of INR 10 each fully paid up			
As at April 1, 2015	10	20,000,000	2,000.00
Issued during the year		30,784,313	3,078.43
As at March 31, 2016		50,784,313	5,078.43
Issued during the year		–	–
As at March 31, 2017		**50,784,313**	**5,078.43**

B. Other Equity

(Amount in Rs. Lakhs)

Particulars		Reserves & surplus		
		Security Premium	Retained earnings	Total
As at April 1, 2015	10	–	(1,290.63)	(1,290.63)
Loss for the period		–	(480.89)	(480.89)
Other comprehensive income	24	–	3.84	3.84
Issue of Share capital		220.98	–	220.98
Transaction costs		(3.06)	–	(3.06)
As at March 31, 2016		217.92	(1,767.68)	(1,549.76)
Loss for the period		–	(443.88)	(443.88)
Other comprehensive income	24	–	5.38	5.38
As at March 31, 2017		**217.92**	**(2,206.18)**	**(1,988.26)**
Summary of significant accounting policies	2			

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place : Gurgaon
Date : 2 May, 2017

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)** DIN: 00007418
Kevin John McSweeney **(Director)** DIN: 06719828
Jayantaraj Chatterjee **(CEO)**
Arun Gupta **(CFO)**
Rajesh Parte **(Company Secretary)**

Place : Mumbai
Date : 2 May, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 CORPORATE INFORMATION

Mahindra Telephonics Integrated Systems Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at MAHINDRA TOWERS, P. K. KURNE CHOWK, R. G. M. BHOSALE MARG, WORLI, MUMBAI, Mumbai City, Maharashtra - 400018. The Company is formed to develop, manufacture and provide service support for Radar Systems and various kinds of defence electronics systems. The Company is jointly held by Mahindra Defence Systems Limited and Telephonics corporation, USA. The ultimate holding company is Mahindra and Mahindra Limited.

The Financial statements were authorized for issue in accordance with resolution of the directors on May 2, 2017."

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first financial statements, the Company has prepared in accordance with Ind AS. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

(i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') rounded off to nearest lakhs (00,000) except when otherwise indicated.

2.02 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.03 Property, Plant and Equipment

Property, Plant and equipment including capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

On transition to Ind AS, the Company has elected to continue with the carrying amount of all its property, plant and equipment recognised as at April 01, 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant & equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life of Property, Plant and Equipment are as follows:

Assets	Useful life (in years)
Plant and Equipment (P&E):	15
Office Equipment (included in P&E):	5
Computers and Peripherals(C&P):	3
Furniture and Fixtures:	10
Vehicles:	5
Mobile Phones (included in C&P):	2
Electric Installation:	10

Vehicles and mobile phones are depreciated over the estimated useful lives of 5 years and 2 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment made by the management, it believes that the useful lives as given above best represent the period over which the assets are expected to be used.

Lease hold improvements are depreciated on straight line basis over their initial lease agreement period.

2.04 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from disposal of the intangible 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 assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life as follows:

Assets	**Useful life (in years)**
Computer software's	3

2.05 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (INR) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.06 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income(i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

a) Debt instruments at amortized cost

A Debt instrument is measured at amortized cost if both the following conditions are met:

a) Business Model Test : The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

b) Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

a) Business Model Test : The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial Asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On dereognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

c) Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for

amortized cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Dercognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
  - (a) The Company has transferred the rights to receive cash flows from the financial assets or
  - (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of Ind AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

(ii) Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include trade and other payables, loans and borrowings including bank overdraft, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using EIR method.

b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Company has not designated any financial liability as at fair value through profit and loss.

c) Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on

a net basis, to realize the assets and settle the liabilities simultaneously

Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

2.07 Inventories

a) Basis of valuation:

i) Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. 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. The comparison of cost and net realizable value is made on an item-by-item basis.

b) Method of Valuation:

i) Cost of raw materials and consumables has been determined by using first-in-first out basis and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on first in first out basis.

iii) 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.

2.08 Government Grants

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

Employee benefits

Short-term obligations

2.09 Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. These liabilities are presented as current employee benefit obligations in the balance sheet.

(i) Other long-term employee benefit obligations

(ii) a) Post employment retirement benefits

The company operates two defined benefit plans for its employees, viz., gratuity and post-employment medical benefit liability. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. The difference, if any, between the actuarial valuation of the liability at the year end is provided for as liability in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

b) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

c) Compensated Absences

Accumulated leaves which is expected to be utilized within 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 and discharge at the year end.

2.10 a) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, discounts, volume rebates and cash discounts. Revenue is usually recognized when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

b) Rendering of Services
Revenue from service related activities is recognized by reference to stage of completion.

c) Interest Income
Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income".

d) Project Revenue
Revenue from long term projects in the nature of fixed price construction contracts is recognized by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by proportion that contract cost incurred for work performed up to the balance sheet date bear to the estimated total contact cost. The cost incurred is measured on the basis of work done by the company and as inspected by its customer as at the end of financial year.

2.11 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) 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 are adjusted for the effect of all potentially dilutive equity shares.

2.12 Taxes

Tax expense for the year comprises of current tax and deferred tax.

Current Tax
Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity).Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

2.13 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses including impairment on inventories, are 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.

2.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationery cost increase.

2.15 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement

of Profit & Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing 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 recognized as expense in the period in which they occur.

2.16 Provisions and Contingent Liabilities

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty Provisions

Provision for warranty-related costs are recognized when the product is sold or service is provided to customer. Initial recognition is based on historical experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected at each contract level.

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 unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.17 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet 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:

(i) In the principal market for asset or liability, or

(ii) 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 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.

A 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 its 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 are available to measure fair value,maximising the use of relevant observable inputs and minimizing 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

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.18 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.19 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

Operating lease commitments — Company as lessee

The Company has taken commercial properties, factory and equipment's on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and equipment's, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Assessment of lease contracts

Significant judgement is required to apply lease accounting rules under Appendix C to Ind AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to Ind AS 17.

Project Revenue

Revenue from fixed price construction contracts is recognized by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by proportion that contract cost incurred for work performed up to the balance sheet date bear to the estimated total contact cost.The cost incurred is measured on the basis of work done by the company and as inspected by its customer as at the end of financial year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.20 Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

2.21 Defined benefit plans

The cost of defined benefit plans (i.e. Gratuity benefit and PRMBS) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note to accounts

2.22 Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.23 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flow

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

Amendments to Ind AS 102, Share-based payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Company is assessing the potential effect of the amendments on its financial statements.

The Company will adopt these amendments, if applicable from their applicability date.

3. Property, plant and equipment

(Amount in Rs. Lakhs)

	Plant & Equipment	Computer & Peripherals	Furniture & Fixtures	Leasehold Improvements	Electric Installations & Equipment	Vehicles	Total	Capital work in progress	Grand Total
At Cost									
Deemed cost as on April 01, 2015	69.51	21.91	31.56	136.50	81.50	60.95	401.93	98.18	500.11
Additions	14.03	17.88	12.67	–	3.29	6.16	54.03	22.91	76.94
Disposals	–	–	–	–	–	–	–	–	–
Transfers	98.18	–	–	–	–	–	98.18	(98.18)	–
As on March 31, 2016	181.72	39.79	44.23	136.50	84.79	67.11	554.14	22.91	577.05
Additions	106.32	11.15	12.02	14.28	–	6.33	150.10	–	150.10
Disposals	–	–	–	–	–	–	–	–	–
Transfers	16.80	0.34	0.34	5.43	–	–	22.91	(22.91)	–
As on March 31, 2017	**304.84**	**51.28**	**56.59**	**156.21**	**84.79**	**73.44**	**727.15**	–	**727.15**
Depreciation									
As on April 01, 2015	–	–	–	–	–	–	–	–	–
Charge for the year	22.80	11.72	4.10	13.41	8.06	13.04	73.13	–	73.13
Disposals	–	–	–	–	–	–	–	–	–

(Amount in Rs. Lakhs)

	Plant & Equipment	Computer & Peripherals	Furniture & Fixtures	Leasehold Improvements	Electric Installations & Equipment	Vehicles	Total	Capital work in progress	Grand Total
As on March 31, 2016	22.80	11.72	4.10	13.41	8.06	13.04	73.13	–	73.13
Charge for the year	32.20	15.82	4.80	14.21	8.30	14.58	89.91	–	89.91
Disposals	–	–	–	–	–	–	–	–	–
As on March 31, 2017	**55.00**	**27.54**	**8.90**	**27.62**	**16.36**	**27.62**	**163.04**		**163.04**
Net carrying amount									
As on April 01, 2015	69.51	21.91	31.56	136.50	81.50	60.95	401.93	98.18	500.11
As on March 31, 2016	158.92	28.07	40.13	123.09	76.73	54.07	481.01	22.91	503.92
As on March 31, 2017	**249.84**	**23.74**	**47.69**	**128.59**	**68.43**	**45.82**	**564.11**	–	**564.11**

Note : All movable fixed assets (machinery) are under First pari-passu hypothecation charge for working capital limits obtained from HDFC bank. Refer note 25(C)

4. Intangibles

(Amount in Rs. Lakhs)

	Computer software	Intangibles under development	Total
At Cost			
Deemed cost as on April 01, 2015	–	–	–
Additions	–	28.80	–
Deletions	–	–	–
As on March 31, 2016	–	**28.80**	–
Additions	14.25	–	14.25
Deletions	–	–	–
Transfers	28.80	(28.80)	28.80
As on March 31, 2017	**43.05**	–	**43.05**
Amortization			
As on April 01, 2015	–	–	–
Charge for the year	–	–	–
Disposals	–	–	–
As on March 31, 2016	–	–	–
Charge for the year	10.21	–	10.21
Disposals	–	–	–
As on March 31, 2017	10.21	–	10.21
Net carrying amount			
As on April 01, 2015	–	–	–
As on March 31, 2016	–	28.80	–
As on March 31, 2017	**32.84**	–	**32.84**

5. Non-Current financial assets

(Unsecured considered good, unless stated otherwise)

(Amount in Rs. Lakhs)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(A)	**Other bank balances**			
	Deposits with banks having maturity period of more than 12 months*	**81.63**	53.87	314.87
	(A)	**81.63**	53.87	314.87
(B)	**Security Deposit**			
	Security deposit - Others	**1.06**	0.96	0.81
	Security deposit to related parties	**24.46**	21.05	31.49
	(B)	**25.52**	22.01	32.30
Total (A+B)		**107.15**	75.88	347.17

* Fixed deposits with banks includes bank balances under lien given as security and margin money deposits

- Rs.5.12 lakhs (March 31, 2016: Rs.4.49 lakhs; April 01, 2015: 4.43 lakhs) given to sales tax authority.
- Rs.2.09 lakhs (March 31, 2016: Rs.2.09 lakhs; April 01, 2015: 2.09 lakhs) deposited with excise and customs.
- Rs.74.42 lakhs (March 31, 2016: Rs.47.29 lakhs; April 01, 2015: 308.35 lakhs) given to Banks as margin money for Bank Guarantee.

6. Other Non Current assets

(Unsecured considered good, unless stated otherwise)

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Prepaid expenses	**16.25**	3.59	5.58
Capital advances	**23.70**	–	–
Balances with statutory/government authorities	**187.21**	89.95	48.34
	227.16	93.54	53.92

7. Inventories

(Valued at cost unless otherwise stated- Refer Accounting policy 2.07)

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Raw materials and components	**350.13**	–	–
Work in progress	**1.07**	–	–
	351.20	–	–

Notes :

a)	The above includes goods in transit as under :			
	– Raw materials and components	**32.14**	–	–
b)	Inventories are hypothecated against working capital limits from HDFC bank. Refer Note 25 (C)			

8. Current financial assets

(Unsecured considered good, unless stated otherwise)

(Amount in Rs. Lakhs)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(A)	**Trade receivables**			
	Receivables from related party	**1,714.76**	376.70	55.77
		1,714.76	376.70	55.77

Notes:

(a) The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end

are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Nil; April 01, 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) Trade receivables are non-interest bearing and are generally on terms of 45 days.

(B) Cash and cash equivalent

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance with bank			
– On current account	**340.95**	126.87	49.59
– Fixed deposits with original maturity of less than three months	**2.50**	2,148.39	–
	343.45	2,275.26	49.59

(C) Other bank balances

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fixed deposits with original maturity of more than three months but less than 12 months *	**5.82**	361.33	–
Fixed deposits with original maturity of more than 12 months *	**312.01**	–	–
	317.83	361.33	–

* Fixed deposits are margin money deposits given to Banks for bank Guarantees

(D) Other financial asset

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Security deposit to related parties	–	1.53	–
Pass through cost receivable	–	45.51	–
Loans to employees	–	–	0.05
Accrued export incentives	**3.72**	–	–
(D)	**3.72**	47.04	0.05
Total (A+B+C+D)	**2,379.76**	3,060.33	105.41

Notes:

(a) The deposit maintained by the company with banks comprise of the time deposits which may be withdrawn by the company at any point of time without prior notice and are made of varying periods between one day to twelve months depending on the immediate cash requirements of the company and earn interest at the respective short- term deposit rates.

(b) Fixed deposit with original maturity of more than twelve months but remaining maturity of less than twelve months have been disclosed under other bank balances.

9. Other Current assets

(Unsecured considered good, unless stated otherwise)

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances against materials and services	**262.09**	14.23	1.74
Prepaid expenses	**31.70**	53.29	18.12
Tax deducted at source	**14.11**	7.89	0.85
	307.90	75.41	20.71

10. Share capital

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised shares (Nos.)			
55,000,000 equity shares (March 31, 2016: 55,000,000) (April 01, 2015: 35,000,000) of Rs 10 each	**5,500.00**	5,500.00	3,500.00
	–	–	–
	5,500.00	5,500.00	3,500.00
Issued, subscribed and fully paid up shares (Nos.)			
50,784,313 Equity shares (March 31, 2016: 50,784,313) (April 01, 2015: 20,000,000) of Rs. 10 each fully paid up	**5,078.43**	5,078.43	2,000.00
	–	–	–
	5,078.43	5,078.43	2,000.00

10.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	Nos.	(Amount in Rs. Lakhs)
Outstanding as at Apil 01, 2015	20,000,000	2,000.00
Issued during the period	30,784,313	3,078.43
Outstanding as at March 31, 2016	50,784,313	5078.43
Issued during the period	–	–
Outstanding as at March 31, 2017	**50,784,313**	**5078.43**

10.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares 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 holder 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 of number of equity shares held by shareholders'.

10.3 Details of shareholders holding more than 5% shares in the Company (Legal and beneficial ownership)

	Nos.	% of holding
As at April 01, 2015		
Mahindra Defence Systems Limited, holding company	14,800,000	74.00%
Telephonics Corporation	5,200,000	26.00%
As at March 31, 2016		
Mahindra Defence Systems Limited, holding company	25,900,000	51.00%
Telephonics Corporation	24,884,313	49.00%
As at March 31, 2017		
Mahindra Defence Systems Limited, holding company	25,900,000	51.00%
Telephonics Corporation	24,884,313	49.00%

10.4 Shares held by holding company (Legal and beneficial ownership)

	Nos.	(Amount in Rs. Lakhs)
As at April 01, 2015		
Mahindra Defence Systems Limited, holding company	14,800,000	1,480.00
As at March 31, 2016		
Mahindra Defence Systems Limited, holding company	25,900,000	2,590.00
As at March 31, 2017		
Mahindra Defence Systems Limited, holding company	25,900,000	2,590.00

11. Other equity

	Amount in Rs. Lakhs
(a) Security Premium	
As at April 1, 2015	–
Add : Premium on issue of equity shares during the year	220.98

		Amount in Rs. Lakhs
	Less : Decrease due to transaction cost of issued share capital	(3.06)
	As at March 31, 2016	**217.92**
	Add/Less : Movements during the year	–
	As at March 31, 2017	**217.92**
(b)	**Retained earnings**	
	As at April 1, 2015	**(1,290.63)**
	Loss for the year	(480.89)
	Items of other comprehensive incomes recognized directly in retained earnings	3.84
	As at March 31, 2016	**(1,767.68)**
	Loss for the year	(443.88)
	Items of other comprehensive incomes recognized directly in retained earnings	5.38
	As at March 31, 2017	**(2,206.18)**
	Total	**(1,988.26)**

12. Non-current employee benefit obligations

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for employee benefits			
Gratuity (refer note 26)	**18.30**	9.92	3.51
Post employment medical benefits (refer note 26)	**16.90**	11.93	7.11
	35.20	21.85	10.62

13. Current financial liabilities

(Amount in Rs. Lakhs)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(A)	**Trade payables**			
	Trade Payables *	**647.35**	173.50	168.74
		647.35	173.50	168.74

*** Details of dues to Micro and Small Enterprises as per Micro,Small and Medium Enterprises Development (MSMED) Act, 2006**

As per the MSMED Act, the Company is required to identify Micro and Small suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. None of the creditors have confirmed the applicability of the MSMED Act on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

(B)	**Other financial liabilities**			
	Security deposits	**5.00**	3.00	–
	Capital creditors	**27.33**	52.85	96.11
	(B)	**32.33**	55.85	96.11
	Total (A+B)	**679.68**	229.35	264.85

14. Employee benefit obligations

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Gratuity (refer note 26)	**0.03**	0.02	–
Leave benefit obligation (refer note 26)	**15.07**	8.91	4.34
	15.10	8.93	4.34

15. Other current liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Statutory dues payable	**13.00**	10.34	9.94
Deferred income	**136.97**	38.74	28.20
	149.97	49.08	38.14

16. Revenue from operations

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Project Revenue	**1,384.91**	–
Sale of goods	**621.02**	–
Sale of services	**117.18**	459.27
Total revenue from operations	**2,123.11**	**459.27**

17. Other income

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on bank deposit carried at amortised cost	**114.18**	78.76
Unwinding of discount on security deposits	**1.88**	1.77
Gain on foreign exchange fluctuation (net)	**–**	1.09
Government grants	**25.97**	–
	142.03	**81.62**

18. Project cost

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials and components consumed	**1,220.90**	–
Employee Benefit Expenses		
Salary, Wages and Bonus	**53.32**	–
Other Expenses		
Rent	**21.54**	–
Power & Fuel	**3.60**	–
Travelling and Conveyance	**6.00**	–
Miscellaneous Expenses	**3.60**	–
	1,308.96	–

19. Costs of materials consumed

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials and components consumed	**192.08**	–
	192.08	–

20. Change in inventory of work in progress

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year	**1.07**	–
Inventories at the beginning of the year	**–**	–
Change in inventory of work in progress	**1.07**	–

21. Employee benefit expenses

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries wages and bonus	**402.03**	344.72
Contribution to provident and other funds	**19.25**	15.00
Gratuity expense (note 26)	**9.34**	6.51
Post employment medical benefit (note 26)	**9.40**	8.58
Staff welfare expenses	**35.35**	17.42
Total of employee benefit expenses	**475.37**	392.23

22. Depreciation and amortization expense

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of property, plant and equipment (refer note 3)	**89.91**	73.13
Amortization of intangible assets (refer note 4)	**10.21**	–
Total of depreciation and amortization expense	**100.12**	73.13

23. Other expenses

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Shared service charges	**137.48**	124.22
Travelling and conveyance	**70.99**	60.46
Rent	**186.36**	173.50
Rates and taxes	**0.59**	20.85
Legal and professional	**28.70**	23.97
Sales promotion	**24.18**	16.53
Insurance	**13.41**	6.86
Printing and stationery	**4.33**	2.79
Telecommunication cost	**7.40**	6.77
Power and fuel	**31.54**	27.87
Repairs and maintenance		
– Others	**33.22**	18.30
Watch and ward	**16.07**	12.43
Freight outward	**18.56**	28.09
Loss on foreign exchange fluctuation	**10.40**	–
Bank charges	**21.06**	3.73
Stores and Consumables	**15.40**	21.53
Miscellaneous expenses	**13.87**	8.52
Total of other expenses	**633.56**	556.42
Payment to auditor (included in legal and professional fees)		
As auditor		
Audit fee	**6.00**	6.00
Tax audit fee	**1.00**	1.00
In Other capacity		
Taxation matters	**0.50**	0.50
Other services	**3.00**	–
Reimbursement of expenses	**0.29**	0.78
	10.79	8.28

24. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Retained Earnings

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Re-measurement gains/(losses) on defined benefit plans	**5.38**	3.84
	5.38	3.84

25. Commitments and Contingencies

(Amount in Rs. Lakhs)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
A	**Contingent liabilities (to the extent not provided for)**			
1	Obligation arising from import of capital equipment at concessional rate of duty under export promotion capital goods scheme	**59.34**	106.52	77.56
2	Obligation arising from import of raw materials at concessional rate of duty under advance authorisation scheme	**326.76**	–	4.61
		386.10	106.52	82.17

Notes: Export obligation undertaken by the Company for import of capital equipment and raw materials under Export Promotion Capital Goods Scheme and Advance Authorisation Scheme respectively of the Central Government at concessional or zero rate of customs duty are in the opinion of the management expected to be fulfilled within respective time lines.

B	**Commitments**			
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	**89.25**	–	–
b)	Lease commitments	**246.72**	365.09	484.41
		335.97	365.09	484.41

C Undrawn committed borrowing facility

(a) The Company has availed working capital limits amounting to INR 15 crores. From HDFC bank

(b) Working capital limits from HDFC bank are secured by way of: First pari-passu hypothecation charge over stock, book debts and moveable fixed assets (machinery)

D Leases

Operating lease commitments - Company as lessee

a) The Company has entered into operating lease agreement for factory space rent paid is:

(a)	not later than one year	**124.29**	118.37
(b)	later than one year and not later than five years	**122.43**	**246.72**
(c)	later than five years	–	**–**
		246.72	365.09
Lease payments recognized in the statement of profit and loss as rent expense for the year		**186.36**	173.50

26. Disclosures pursuant to Ind AS - 19 "Employee Benefits" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below:

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

(Amount in Rs. Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Employer's Contribution towards Provident Fund (PF)	**17.71**	14.17
Employer's Contribution towards Employee State Insurance (ESI)	**1.42**	0.75
	19.13	14.92

Defined Benefit Plan

The Company operates two defined plans viz, gratuity and post employment medical benefits, for its employees. Under the gratuity plan every employee who has completed 5 years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Gratuity plan is not funded.

The Company provides post retirement medical cover to employees for grade L1 to L5 to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premium are paid by the company. The eligibility of the employee for the benefit as well as the amount of the medical cover purchase is determined by the grade of the employee at the time of retirement:

		Post employment medical benefits		Gratuity	
		Year ended March 31, 2017	Year ended March 31, 2016	**Year ended March 31, 2017**	Year ended March 31, 2016
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**				
	Defined Benefit obligation at the beginning of the year	**11.93**	7.11	**9.94**	3.51
	Interest Expense	**0.95**	0.57	**0.80**	0.28
	Current Service Cost	**8.45**	8.01	**8.54**	6.23
	Benefit paid	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income				
	Actuarial changes arising from changes in demographic assumptions	–	–	–	–
	Actuarial changes arising from changes in financial assumptions	**1.86**	–	**1.81**	–
	Actuarial changes arising from changes in experience adjustments	**(6.29)**	(3.76)	**(2.76)**	(0.08)
	Defined Benefit obligation at year end	**16.90**	11.93	**18.33**	9.94
b)	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair value of plan assets at beginning of the year	–	–	–	–
	Expected return on plan assets	–	–	–	–
	Employer contribution	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income	–	–	–	–
	Return on plan assets excluding interest income	–	–	–	–
	Benefits paid	–	–	–	–
	Fair value of plan assets at year end	–	–	–	–
c)	**Net defined benefit asset/(liability) recognized in the balance sheet**				
	Fair value of plan assets			–	
	Present value of defined benefit obligation	**(16.90)**	(11.93)	**(18.33)**	(9.94)
	Amount recognized in Balance Sheet- Asset/(Liability)	**(16.90)**	(11.93)	**(18.33)**	(9.94)
d)	**Net defined benefit expense (Recognized in the Statement of profit and loss for the year)**				
	Current Service Cost	**8.45**	8.01	**8.54**	6.23
	Net Interest Cost	**0.95**	0.57	**0.80**	0.28
	Net defined benefit expense debited to statement of profit and loss	**9.40**	8.58	**9.34**	6.51
e)	**Remeasurement (gain)/loss recognized in other comprehensive income**				
	Actuarial changes arising from changes in demographic assumptions	–	–	–	–
	Actuarial changes arising from changes in financial assumptions	**1.86**	–	**1.81**	–
	Actuarial changes arising from changes in experience adjustments	**(6.29)**	(3.76)	**(2.76)**	(0.08)
	Return on Plan assets excluding interest income	–	–	–	
	Recognized in other comprehensive income	**(4.43)**	(3.76)	**(0.95)**	(0.08)
f)	**Broad categories of plan assets as a percentage of total assets**				
	Insurer managed funds				
		(Rs.) March 31, 2017	(Rs.) March 31, 2016	**(Rs.) March 31, 2017**	(Rs.) March 31, 2016
g)	**Principal assumptions used in determining defined benefit obligation**				
	Mortality Table (LIC)	**2006–08 (Ultimate)**	2006–08 (Ultimate)	**2006–08 (Ultimate)**	2006–08 (Ultimate)

		(Rs.)	(Rs.)	(Rs.)	(Rs.)
		March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
	Discount rate (per annum)	**7.35%**	8.00%	**7.35%**	8.00%
	Salary Escalation	**10.00%**	10.00%	**10.00%**	10.00%
	Attrition Rate				
	Upto 30 years	**3.00%**	3.00%	**3.00%**	3.00%
	Upto 31 years to 44 years	**2.00%**	2.00%	**2.00%**	2.00%
	Above 44 years	**1.00%**	1.00%	**1.00%**	1.00%
				Rs	Rs
i)	**Quantitative sensitivity analysis for significant assumptions is as below:**	**31–Mar–17**	31–Mar–16	**31–Mar–17**	31–Mar–16
	Increase/(decrease) on present value of defined benefits obligations at the end of the year				
	Discount Rate				
	Increase by 1.00%	**(2.45)**	(1.92)	**(1.60)**	(0.92)
	Decrease by 1.00%	**1.85**	1.41	**1.81**	1.04
	Salary Increase				
	Increase by 1.00%	**N.A.**	N.A.	**1.75**	1.02
	Decrease by 1.00%	**N.A.**	N.A.	**(1.57)**	(0.91)
	Attrition Rate	**N.A.**	N.A.	**N.A.**	N.A.
	Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.	**N.A.**	N.A.	**N.A.**	N.A.
				–	
		Rs.	Rs.	**Rs.**	Rs.
j)	**Maturity profile of defined benefit obligation**	**31–Mar–17**	31–Mar–16	**31–Mar–17**	31–Mar–16
	Within the next 12 months (next annual reporting period)	–	–	**0.03**	0.02
	Between 2 and 5 years	**0.57**	0.31	**0.42**	0.29
	Between 5 and 10 years	**16.33**	11.62	**17.88**	9.63
	Total expected payments	**16.90**	11.93	**18.33**	9.94

k) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

l) 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 obligations.

m) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

27. Segment Reporting

Management of the Company overviews the business as a single economic activity as the Company's business activities primarily falls within in a single business and geographical segment i.e. defence sector, accordingly, there are no additional disclosures to be provided in terms of Ind AS 108 on "Segment Reporting".

28. Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Indian Accounting Standards) Rules, 2015) as amended are disclosed below:-

(A) Names of related parties and description of relationship :

(i) Related party where control exists

	Holding Companies	**Name of Companies**
1	Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
2	Holding company	Mahindra Defence Systems Limited (MDSL)
3	Joint venture partner	Telephonics Corporation (TC)
	Fellow Subsidiary	
1	Defence Land Systems India Limited (DLSI)	Fellow Subsidiary
2	Mahindra Integrated Business Solutions Pvt. Ltd.(MIBL)	Fellow Subsidiary
	Key management personnel	
1	Mr. Jayantaraj Chatterjee (w.e.f February 02 ,2015)	

(B) Transactions during the year

For the year ended March 31, 2017

(Amount in Rs. Lakhs)

Particulars	MDSL	M&M	DLSI	TC	MIBL	Key Managerial personnel	Total
Security Deposit Received	**2.00**	–	–	–	–	–	**2.00**
Sales	–	–	–	**2,005.93**	–	–	**2,005.93**
Purchase of raw material	–	–	–	**38.22**	–	–	**38.22**
Rent **	–	**20.92**	**118.38**	**46.37**	–	–	**185.67**
Shared service charges **	**124.43**	**10.30**	–	–	**1.08**	–	**135.81**
Power and fuel	–	–	**27.40**	–	–	–	**27.40**
Miscellaneous expenses	–	**7.66**	–	–	–	–	**7.66**
Salary wages and bonus*	–	–	–	–	–	**63.22**	**63.22**
Total	**126.43**	**38.88**	**145.78**	**2,090.52**	**1.08**	**63.22**	**2,465.91**

* amount is in accordance with Form 16-TDS certificate issued under Income Tax Act

** net of service tax and swach bharat cess amount and Krishi Kalyan Cess

For the year ended March 31, 2016

(Amount in Rs. Lakhs)

Particulars	MDSL	M&M	DLSI	TC	MIBL	Key Managerial personnel	Total
Issue of share capital	1,110.00	–		2,189.41	–	–	3,299.41
Security Deposit Received	3.00	–		–	–	–	3.00
Sales	–	–		459.27	–	–	459.27
Purchase of raw material	–	–			–	–	–
Rent **	–	12.20	112.74	32.51	–	–	157.45
Shared service charges **	116.49	6.05	–	–	1.08	–	123.62
Power and fuel	–	0.10	21.69	–	–	–	21.79
Miscellaneous expenses	–	0.65	–	–	–	–	0.65
Salary wages and bonus*	–		–	–	–	44.75	44.75
Total	1,229.49	19.00	134.43	2,681.19	1.08	44.75	4,109.94

* amount is in accordance with Form 16-TDS certificate issued under Income Tax Act

** net of service tax and swach bharat cess amount

Balance as at year end

(Amount in Rs. Lakhs)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 01, 2015	
	Receivable	**Payable**	Receivable	Payable	Receivable	Payable
M&M	–	**23.14**	–	1.21	–	7.27
MDSL	–	**30.67**	–	15.34	–	34.34
MIBL	–	**0.09**	–	0.09	–	0.09
TC	**1,714.76**	**62.12**	376.70	13.12	55.77	6.52
DLSI	–	**4.62**	–	1.88	–	42.63

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

29. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(Amount in Rs. Lakhs)

Financial instruments by category	**Carrying Value**			**Fair Value**		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Financial assets at amortized cost						
Cash and cash equivalent	**343.45**	2,275.26	49.59	**343.45**	2,275.26	49.59
Bank balances other than cash and cash equivalent	**399.46**	415.20	314.87	**399.46**	415.20	314.87
Other financial assets	**3.72**	47.04	0.05	**3.72**	47.04	0.05

(Amount in Rs. Lakhs)

Financial instruments by category	Carrying Value			Fair Value		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Security deposits	**25.52**	22.01	32.30	**25.52**	22.01	32.30
Trade Receivables	**1,714.76**	376.70	55.77	**1,714.76**	376.70	55.77
	2,486.91	3,136.21	452.58	**2,486.91**	3,136.21	452.58
Financial Liabilities at amortized cost						
Trade Payables	**647.35**	173.50	168.74	**647.35**	173.50	168.74
Other financial liabilities (current)	**32.33**	55.85	96.11	**32.33**	55.85	96.11
	679.68	229.35	264.85	**679.68**	229.35	264.85

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The fair value of financial assets and liabilities at amortised cost is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

2) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2017, are as shown below

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

(Amount in Rs. Lakhs)

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2017

	Carrying Value	Fair Value		
Assets carried at amortized cost for which fair value are disclosed	**March 31, 2017**	Level 1	Level 2	Level 3
Security deposits (non-current)	**25.52**	–	–	25.52
Liabilities carried at amortized cost for which fair value are disclosed				
Other financial liabilities (current)	**32.33**	–	–	32.33

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2016

	Carrying Value	Fair Value		
Assets carried at amortized cost for which fair value are disclosed	March 31, 2016	Level 1	Level 2	Level 3
Security deposits	22.01	–	–	22.01
Other financial assets	47.04	–	–	47.04
Liabilities carried at amortized cost for which fair value are disclosed				
Other financial liabilities (current)	55.85	–	–	55.85

Quantitative disclosures of fair value measurement hierarchy for assets as on April 1, 2015

	Carrying Value	Fair Value		
	April 01, 2015			
Assets carried at amortized cost for which fair value are disclosed		Level 1	Level 2	Level 3
Security deposits	32.30	–	–	32.30
Other financial assets	0.05	–	–	0.05
Liabilities carried at amortized cost for which fair value are disclosed				
Other financial liabilities (current)	96.11	–	–	96.11

Note: The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

30. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes security deposits given for rental properties taken on lease and equipment leases, and trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks , such as equity price risk and commodity price risk. However, since the Company is not having any borrowings and since its nature if business does not involve commodities, it is not exposed to interest rate risk and other price risk. Financial instruments affected by market risks include deposits and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2017.The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2017:

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is party balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies and plan the purchases and sales in manner with similar credit period and payment period that results in a natural hedge and cover risk arsing due to volatility in the foreign currency risk

(ii) Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise are as under:

(Amount in Rs. Lakhs)

Description of Currency	**Currency**		**March 31, 2017**	**Impact on profit before tax and equity**	
		FC	**Indian Rupees**	1% increase	1% decrease
United States Dollar	**USD**	**20.88**	**1,353.78**	(13.54)	13.54

Description of Currency	**Currency**		**March 31, 2016**	**Impact on profit before tax and equity**	
		FC	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	5.45	361.37	(3.61)	3.61

Description of Currency	**Currency**		**April 01, 2015**	**Impact on profit before tax and equity**	
		FC	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	0.54	33.93	(0.34)	0.34

Increase represents Indian Rupee becoming stronger against USD in Indian Rupee terms

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's is not exposed to the risk of changes in market interest rates since the Company's investment in fixed deposit with bank are carried at amortised cost. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in the market interest rates.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Currently, the Company is primarily engaged in supplying goods to one of its shareholder; namely Telephonics Corp. Further, for unrelated parties, the customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company with the its treasury policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 is the carrying amounts. The Company's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(Amount in Rs. Lakhs)

	As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)	As at April 01, 2015 (Rs.)
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)			
Cash and cash equivalent	**343.45**	2,275.26	49.59
Bank balances other than cash and cash equivalent	**399.46**	415.20	314.87
Security Deposits	**25.52**	22.01	32.30
Others financial assets	**3.72**	47.04	0.05
	772.15	2,759.51	396.81
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)			
Trade Receivables	**1,714.76**	376.70	55.77
	1,714.76	376.70	55.77

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

Particulars	**As at March 31, 2017 Rs**	As at March 31, 2016 Rs	As at April 01, 2015 Rs
Neither past due nor impaired	**1,707.66**	376.70	55.76
0 to 180 days due past due date	**–**	–	–
More than 180 days past due date	**7.10**	–	–
Total Trade Receivables (gross of provision)	**1,714.76**	376.70	55.76

The following table summarizes the change in loss allowance measured using the life time expected credit loss model:-

As at April 1, 2016	–	–	–
Provision during the year	–	–	–
Bad debts written off	–	–	–
Reversal of provision	–	–	–
As at March 31, 2017	–	–	–

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and current account with bank. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(Amount in Rs. Lakhs)

As at March 31, 2017	Less than 1 year	1 to 5 years	Total
Trade payables	**647.35**	–	**647.35**
Other current financial liabilities	**32.33**	–	**32.33**
As at March 31, 2016	Less than 1 year	1 to 5 years	Total
Trade payables	173.50	–	173.50
Other current financial liabilities	55.85	–	55.85
As at April 1, 2015	Less than 1 year	1 to 5 years	Total
Trade payables	168.74	–	168.74
Other current financial liabilities	96.11	–	96.11

31. Capital Management

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017 and March 31, 2016 and as at April 1, 2015.

The Company monitors capital using gearing ratio, which is net payables divided by total capital plus net payables.

Particulars	**March 31, 2017 Rs**	March 31, 2016 Rs	April 01, 2015
Borrowings (net of cash and cash equivalent)	**(343.45)**	(2,275.26)	(49.59)
Net Debt	**(343.45)**	(2,275.26)	(49.59)
Equity	**3,090.17**	3,528.67	709.37
Total Capital	**3,090.17**	3,528.67	709.37
Capital and Net Debt	**2,746.72**	1,253.41	659.78
Gearing ratio	**-12.50%**	-181.53%	-7.52%

32. Earnings per share

		March 31, 2017	(Rs.) March 31, 2016
a)	**Basic Earnings per share**		
	Numerator for earnings per share		
	Profit after taxation	**(443.88)**	(480.89)
	Denominator for earnings per share		
	Weighted number of equity shares outstanding during the year	**50,784,313**	33,638,380
	Earnings per share-Basic (one equity share of Re. 10/- each)	**(0.87)**	(1.43)

The Company does not have any potential equity shares which have a dilutive impact on earnings per share, accordingly, basic and dilutive earnings per share are same.

33. Income Taxes

		March 31, 2017	(Rs.) March 31, 2016
(a)	**Income tax expense in the statement of profit and loss comprises:**		
	Current income tax charge	–	–
	Deferred Tax		
	Relating to origination and reversal of temporary differences	–	–
	Income tax expense reported in the statement of profit or loss	–	–
(b)	**Other Comprehensive Income**		
	Re-measurement (gains)/losses on defined benefit plans	–	–
	Income tax related to items recognized in OCI during the year	–	–
(c)	**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :**		
	Accounting Profit before tax	(443.88)	(480.89)
	Applicable tax rate	34.608%	34.608%
	Computed Tax Expense	**(153.62)**	**(166.43)**
	Expenses not allowed for tax purposes	–	7.72
	Items on which deferred tax not created (refer note below)	(4.71)	(3.71)
	Tax on carried forward tax loss	158.33	162.42
	Income tax charged to Statement of Profit and Loss at the effective rate of Nil%	**0.00**	**0.00**

(d) Due to losses the Company has deferred tax asset with loss and unabsorbed depreciation as major component which has not been recognised since there is no reasonable certainty of realisation of such asset in the near future. The Company has unabsorbed business loss of Rs. 1866.31 lacs and unabsorbed depreciation amounting to Rs. 292.20 lacs. Had the company recognised deferred tax asset profits would have been higher by Rs. 747.02 lacs (March 31, 2016: 590.54).

34. Disclosures as required by Indian Accounting Standard (Ind AS 101) first time adoption of Indian Accounting Standards

These are Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (The Company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Exemptions and exceptions availed

A.1 Ind-AS optional exemptions :

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

A.1.1 Deemed cost

Ind AS 101 permits a first time adopter to continue with the carrying value for all its property, plant and equipment as recognized in financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition. This exemption can be used for intangible assets covered by Ind-AS 38.

Accordingly, the Company has elected to measure all its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Leases

Appendix C to Ind AS 17-" Leases" requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind-AS except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates at at April 1,2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i) Impairment of financial assets based on expected credit loss model.

A.2.2 Derecognition of financial assets and financial liabilities:

Ind AS 101 requires a first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company has applied the derecognition requirement for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after date of transition to Ind AS.

A.2.3 Classification of financial assets and liabilities

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist on the date of transition to Ind AS. Accordingly, the Company has applied the above requirement prospectively.

A.2.4 Impairment of financial assets:

Ind AS 101 requires an entity to assess and determine the impairment allowance on financial assets as per Ind AS 109 using the reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments which were initially recognized and compare that to the credit risk at the date of transition to Ind AS. The Company has applied this exception prospectively.

B Reconciliations between previous GAAP and Ind AS

Particulars	Reference	April 01, 2015 Previous GAAP	GAAP Adjustment	As per IND AS	March 31, 2016 Previous GAAP	GAAP Adjustment	As per IND AS
ASSETS							
Non-current assets							
Property, plant and equipment	E	401.93	–	401.93	473.92	7.09	481.01
Capital work-in-progress	E	90.58	7.60	98.18	22.91	–	22.91
Intangible assets		–	–	–	28.80	–	28.80
Financial Assets							
– Other bank balances		314.87	–	314.87	53.87	–	53.87
– Security deposits	A	39.86	(7.56)	32.30	27.80	(5.79)	22.01
Other non-current assets		53.92	–	53.92	93.54	–	93.54
		901.16	**0.04**	**901.20**	**700.84**	**1.30**	**702.14**
Current assets							
Financial Assets							
– Trade receivables		55.77	–	55.77	376.70	–	376.70
– Cash and cash equivalent		49.59	–	49.59	2,275.26	–	2,275.26
– Other bank balances		–	–		361.33	–	361.33
– Other financial assets		0.05	–	0.05	47.04	–	47.04
Other current assets	A	1.14	19.57	20.71	55.32	20.09	75.41
		106.55	**19.57**	**126.12**	**3,115.65**	**20.09**	**3,135.74**
Total Assets		**1,007.71**	**19.61**	**1,027.32**	**3,816.49**	**21.39**	**3,837.88**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		2,000.00	–	2,000.00	5,078.43	–	5,078.43
Other Equity		(1,294.74)	4.11	(1,290.63)	(1,551.46)	1.70	(1,549.76)
		705.26	**4.11**	**709.37**	**3,526.97**	**1.70**	**3,528.67**
LIABILITIES							
Non-current liabilities							
Employee benefit obligations		10.62	–	10.62	21.85	–	21.85
Other non-current liabilities	B	12.70	(12.70)		19.05	(19.05)	–
		23.32	**(12.70)**	**10.62**	**40.90**	**(19.05)**	**21.85**
Current liabilities							
Financial Liabilities							
– Trade payables		168.74	–	168.74	173.50	–	173.50
– Other financial liabilities		96.11	–	96.11	55.85	–	55.85
Employee benefit obligations		4.34	–	4.34	8.93	–	8.93
Other current liabilities	E	9.94	28.20	38.14	10.34	38.74	49.08
		279.13	**28.20**	**307.33**	**248.62**	**38.74**	**287.36**
Total Equity and Liabilities		**1,007.71**	**19.61**	**1,027.32**	**3,816.49**	**21.39**	**3,837.88**

Note: The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended March, 31, 2016

Particulars	Reference	Indian GAAP	GAAP Adjustment	As per IND AS
Income				
Revenue from operations		**459.27**	–	459.27
Other income	A	**79.85**	1.77	81.62
Total Revenue		**539.12**	1.77	540.89
Expenses				
Employee benefits expenses	C	**388.39**	3.84	392.23
Depreciation and amortization expenses	E	**72.62**	0.51	73.13
Other expenses	A,B,E	**552.75**	3.67	556.42
Total expenses		**1,013.76**	8.02	1,021.78
Loss before tax		**(474.64)**	(6.25)	(480.89)
Tax expenses				
Loss for the year		**(474.64)**	(6.25)	(480.89)

Particulars	Reference	Indian GAAP	GAAP Adjustment	As per IND AS
Other comprehensive income				
Items that will not to be reclassified to profit or loss				
Remeasurements post employment benefit obligations (net)	C	–	(3.84)	(3.84)
Other comprehensive income for the year, net of tax		–	(3.84)	(3.84)
Total comprehensive income for the year, net of tax		**(474.64)**	2.41	(477.05)

Note: The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to the reconciliation of equity as at April 1,2015 and March 31,2016 and the total comprehensive income for the year ended March 31,2016

A Security Deposit

Under the previous GAAP, interest free security deposit paid for obtaining properties on lease (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS all financial assets are required to be recognised at fair value. Accordingly the Company has fair valued the security deposit retrospectively. Difference between the transaction value and fair value is recognised as prepaid rent as on the date of transition. Due to this security deposit is decreased by Rs 7.56 lacs and Rs 5.79 lacs, prepaid rent is increased by Rs 7.56 lacs and Rs 5.57 lacs as at April 1, 2015 and March 31, 2016 respectively.

B Lease equalisation reserve

The Company had entered in lease of factory and office premises wherein the terms of lease structured the payments to lessor in line to effect the annual increase in line with expected general inflation to compensate the lessor's expected inflationary cost increases. Under Indian GAAP, the Company has accounted for such increase operating leases payments on straight line basis over the lease term . In contrast, Ind AS 37 requires that where the effect of the escalation of the escalation of the lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increase in the lease rentals shall not be straight lined. Accordingly, the Company has reversed the lease equalisation reserve created in earlier years. This has resulted in reversal of LER Rs.12.70 lacs in April 1,2015 and 19.05 lacs in March 31st, 2016.

C Defined Benefit Obligation

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined liability) are recognized in balance sheet through other comprehensive income. Thus, employee benefits expense is reduced by INR 3.84 lacs and is recognized in other comprehensive income during the year ended March 31, 2016.

D Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit to profit as per Ind AS. Further, Indian GAAP profit is reconciled to total comprehensive income as per Ind AS.

E Government Grants

Under Indian GAAP, the Company has presented the government grant on net basis from fixed assets and raw material consumption. However as required by Ind AS 20 - Government Grants, the assets and raw material consumption is shown in gross basis. This has resulted in increase in fixed assets by Rs.7.60 lacs and Rs. other current liabilities amounting to Rs. 28.20 lacs in April 1,2015 and 38.74 in March, 2016.

F Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows

35. Pursuant to notification of Ministry of Corporate Affairs dated March 30, 2017, the Company is required to make disclosure of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016. However, since the Company does not maintain any cash balance, the disclosure as required as on November 08, 2016 till December 30, 2016 in holding and dealing in specified bank notes is not applicable on the Company.

36. The figures have been rounded off to the nearest rupees in lakhs. The figure 0.00 wherever stated represents value less than Rs. 5000/-.

37. Figures relating to April 1, 2015 (date of transition) has been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

38. Note No.1 to 37 form integral part of the balance sheet and statement of profit and loss.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S. V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

per Vishal Arora
Partner
Membership No.: 95788

Place : Gurgaon
Date : 2nd May, 2017

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S P Shukla **(Director)**
Kevin John McSweeney **(Director)**

Jayantaraj Chatterjee **(CEO)**
Arun Gupta **(CFO)**
Rajesh Parte **(Company Secretary)**

Place : Mumbai
Date : 2nd May, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Gross Income	**3279.13**	2339.63
Less: Excise duty	**244.85**	24.89
Net Income	**3034.28**	2314.74
Profit before Taxation, Depreciation and Amortisation	**(510.14)**	(546.36)
Less: Depreciation/Amortisation	**368.57**	377.64
Profit/(Loss) before taxation	**(878.71)**	(924.00)
Less: provision for taxation	**–**	–
Profit/(Loss) after tax from Operations	**(878.71)**	(924.00)
Other Comprehensive Income	**4.81**	(7.58)
Loss brought forward	**(9200.90)**	(8269.32)
Transition Depreciation Adjustment to reserves	**–**	–
Balance carried forward to Balance Sheet	**(10074.80)**	(9200.90)
Net Worth	**12027.44**	8901.34

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the end of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

During the year your Company has sold Armoured Vehicles, Upgraded and Refurbished in-service vehicles and delivered Wheel assemblies against Offset orders.

Your Company is actively pursuing various business opportunities in defence business and has responded to various requests for proposals issued by the government.

Dividend

In view of the losses incurred in the current year, your Directors do not recommend any dividend for the year under review.

Erosion of Net Worth

The Company was a potentially sick Company within the meaning of section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"). The Company has accordingly complied with the provisions of section 23(1)(a)(i) of SICA, 1985 in the previous year. However, SICA is repealed with effect from 1st December, 2016.

Amalgamation with Holding Company

Your Company and the Holding Company, viz. Mahindra Defence Systems Limited (MDSL), are engaged in similar line of business and both belong to the Mahindra Group. Therefore, the Board of Directors of your Company at its meeting held on 17th November, 2016 had decided to merge the Company with MDSL. The Scheme of Amalgamation is expected to achieve the following primary benefits:

- Synergy between your Company and MDSL in order to fulfil various defence contracts;
- Operational efficiencies on account of Cost rationalization;
- Your Company, post the merger, would be in a better position to bid/participate for larger defence projects.

Share Capital

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 205 crores to Rs. 240 crore by creation of additional 3,50,00,000 Equity Shares of Rs. 10 each.

During the year under review, your Company allotted 4,00,00,000 Equity Shares of Rs. 10 each aggregating to Rs. 40,00,00,000 to Mahindra Defence Systems Limited for cash at par on rights basis.

Consequently, the paid up Share Capital of the Company has gone up to Rs. 219 crore comprising of 21,90,00,000 Equity Shares of the face value Rs. 10/- each.

During the year under review, your Company has appointed Karvy Computershare Private Limited as the new Registrar and Transfer Agents of the Company, in the place of Sharepro Service(India) Private Limited.

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. S. P. Shukla, Chairman	00007418	Non-Executive	Non Independent
2.	Mr. Sukhvindar Deep Singh Hayer, Executive Director	07272511	Executive	Non Independent
3.	Lt. Gen. Jaswinder Pal Singh (Retd.)	07138659	Non-Executive	Independent
4.	Ms. Neelam Deo	02817083	Non-Executive	Independent
5.	Mr. Anoop Mathur	00014372	Non-Executive	Non Independent
6.	Mr. Mukul Verma	02428217	Non-Executive	Non Independent

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.

Mr. S. P. Shukla (DIN: 00007418), Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Declaration by Independent Directors

The Company has received declarations from Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo, the Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Number of Meetings

Your Board of Directors met four times during the year under review viz. 18th May, 2016, 14th September, 2016, 17th November, 2016 and 27th February, 2017.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. S. P. Shukla, Chairman	4
2.	Mr. Sukhvindar Deep Singh Hayer, Executive Director	4
3.	Lt. Gen. Jaswinder Pal Singh (Retd.)	4
4.	Ms. Neelam Deo	3
5.	Mr. Anoop Mathur	4
6.	Mr. Mukul Verma	3

General Meetings

The seventh Annual General Meeting of the Company was held on 14th September, 2016. During the year, two Extra Ordinary General Meetings were held, both on 4th November, 2016.

Committees of the Board

(A) Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of following members:

a) Lt. Gen. Jaswinder Pal Singh (Retd.), Chairman

b) Mr. S. P. Shukla, Member

c) Ms. Neelam Deo, Member

The Committee met two times during the year under review i.e. on 18th May, 2016 and 14th September, 2016 and complied with the terms of reference assigned to the Committee.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Lt. Gen. Jaswinder Pal Singh (Retd.), Chairman	3
2.	Ms. Neelam Deo, Member	2
3.	Mr. S. P. Shukla, Member	3

(B) Audit Committee

The Audit Committee consists of following members:

a) Ms. Neelam Deo, Chairman

b) Mr. Mukul Verma, Member

c) Lt. Gen. Jaswinder Pal Singh (Retd.), Member

The Committee met four times during the year on 18th May, 2016, 14th September, 2016, 17th November, 2016 and 27th February, 2017 and complied with the terms of reference assigned to the Committee.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Ms. Neelam Deo, Chairman	3
2.	Lt. Gen. Jaswinder Pal Singh (Retd.)	4
3.	Mr. Mukul Verma	3

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.

Meeting of Independent Directors

One meeting of the Independent Directors of the Company was held on 17th November, 2016 without the presence of

the Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The above 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(3)(c) 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 31st March, 2017 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

During the year under review, there was no change in the Key Managerial Personnel of the Company. Mr. Sukhvindar Singh Hayer continued as a Whole Time Director (designated as an Executive Director), Mr. Jagjeet Singh as the Chief Financial Officer and Ms. Mili Shah as the Company Secretary 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 appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors
- Policy for the remuneration of directors, key managerial personnel and other employees.

These policies are provided as **Annexure I** and form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks 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 risks and enabling the Company to manage the same, if confronted with.

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.

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.

Auditors

(A) Statutory Auditors' Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (Firm registration Number 01512N) have been re-appointed as the Statutory Auditors of the Company for a term of 2 (two) consecutive years, commencing from the conclusion of the 8th Annual General Meeting ("AGM") of the Company till the conclusion of the 10th AGM of the Company, subject to its ratification at every AGM of the Company.

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 would be in conformity with the conditions and criteria specified therein.

The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of 11th Annual General Meeting and fix their remuneration.

The Auditors Report does not contain any qualifications, reservations or adverse remarks.

(B) Secretarial Auditor's Report

Your Company has appointed Mr. Sachin Bhagwat as a Secretarial Auditor of the Company in accordance with the provisions of Section 204 of the Companies Act, 2013.

In terms of provisions of sub section (1) of Section 204 of the Companies Act, 2013, the Company has annexed with this Board Report, a Secretarial Audit Report given by the Secretarial Auditor, and the said Secretarial Report, in prescribed form MR 3 at **Annexure II** forms part of this Report.

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 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.

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 III** 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, 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 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. There were no deposits which are not in compliance with requirement of chapter V of the 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 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 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 with related parties are given in form AOC – 2 as **Annexure IV** and the same forms part of 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(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2017 in Form No. MGT 9 is attached herewith as **Annexure V** 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

S. P. Shukla	**Sukhvindar Deep Singh Hayer**
Director	Executive Director

Place: Mumbai,
Date: 2nd May, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

I. 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 Defence Land Systems India 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:

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 the Chief Executive Officer(CEO), Chief Financial Officer (CFO) and Company Secretary shall be finalized/revised either by any Director or such other person as may be authorized 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. The relationship of their remuneration to performance shall be clear and shall meet the appropriate performance benchmarks.

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.

II. **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 DEFENCE LAND SYSTEMS INDIA LMITED

"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 sprit 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 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 or 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 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 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 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

S. P. Shukla	**Sukhvindar Deep Singh Hayer**
Director	Executive Director

Place: Mumbai,
Date: 2nd May, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FORM MR 3

For the financial year ended 31 March, 2017
[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,
Defence Land Systems India 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 Defence Land Systems India 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, 2017, 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, 2017 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;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations framed 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 Stock Exchanges and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(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 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:

1. The Company allotted on rights basis, 40,000,000 equity shares of Rs. 10 each to Mahindra Defence Systems Ltd.
2. Mahindra and Mahindra Ltd., the Company's Holding Company, transferred its entire shareholding in the Company comprising 111,000,000 equity shares of Rs. 10 each to Mahindra Defence Systems Ltd. as a result of which the Company became a wholly-owned subsidiary of Mahindra Defence Systems Ltd.
3. The Board of Directors approved a Scheme of Amalgamation of the Company with Mahindra Defence Systems Ltd.

Signature:

Sachin Bhagwat
ACS: 10189
CP: 6029

Place: Pune
Date: 20th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

i. The steps taken or impact on conservation of energy: Nil

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: 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) – 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

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

Total Foreign Exchange Earned and Used: **(Rupees in Lakhs)**

	For the FY ended 31st March, 2017	For the FY ended 31st March, 2016
Total Foreign Exchange Earned	**324.90**	34.21
Total Foreign Exchange Used	**867.64**	691.51

For and on behalf of the Board

S. P. Shukla
Director

Sukhvindar Deep Singh Hayer
Executive Director

Place: Mumbai,
Date: 2nd May, 2017

ANNEXURE IV TO THE DIRECTORS REPORT

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:

Sr. No.	Name (s) of the related party	Nature of relationship	Nature of Contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Amount (Rs. in lacs)	Date of approval by the Board
1	Mahindra & Mahindra Limited	Holding Company	Purchase of Raw Material	Purchase of Base vehicle & Components	598.55	–
2	Mahindra & Mahindra Limited	Holding Company	Expenses - Business support Fees	Sourcing Services	28.73	–
3	Mahindra & Mahindra Limited	Holding Company	Income - Business support Fees	Business support fee on govt sales	19.26	–
4	Mahindra & Mahindra Limited	Holding Company	Sales	Spare Parts	2.60	–
5	Mahindra & Mahindra Limited	Holding Company	Expenses - Rent	Rent paid for premises taken on lease	18.58	–
6	Mahindra & Mahindra Limited	Holding Company	Expenses - Services	Services - Engineering & testing sevices, training	18.66	–
7	Mahindra & Mahindra Limited	Holding Company	Reimbursement of expenses	Shared Services of IT, Internal Audit, Secretarial work	108.28	–

For and on behalf of the Board

S. P. Shukla
Director

Sukhvindar Deep Singh Hayer
Executive Director

Place: Mumbai
Date: 2nd May, 2017

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2017

[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**	U29268MH2009PLC190702
2.	**Registration Date**	4th March, 2009
3.	**Name of the Company**	Defence Land Systems India Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/Non-Government Company
5.	**Address of Registered office and contract details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400 018. Tel. No.: 022-24905828
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel. No.: 040-67162222, Fax: 040-23001153

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.	Fabrication/Armouring of vehicles	3040	76
2.	Spare parts and other allied products	–	15

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 Defence Systems Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400 018	U75220MH2012PLC233889	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	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.(S)	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	11,10,00,000	6,80,00,000	17,90,00,000	100	11,10,00,000	10,80,00,000	21,90,00,000	100	–
e. Banks/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)	11,10,00,000	6,80,00,000	17,90,00,000	100	11,10,00,000	10,80,00,000	21,90,00,000	100	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**11,10,00,000**	**6,80,00,000**	**17,90,00,000**	**100**	**11,10,00,000**	**10,80,00,000**	**21,90,00,000**	**100**	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total - (B) (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**11,10,00,000**	**6,80,00,000**	**17,90,00,000**	**100**	**11,10,00,000**	**10,80,00,000**	**21,90,00,000**	**100**	–

Note: The changes in the number of shares held by the promoter companies are as above

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 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 and Mahindra Limited	11,10,00,000	62.01	0	0	0	0	62.01
2.	Mahindra Defence Systems Limited	6,79,99,994	37.99	0	21,89,99,994	100	0	62.01
3.	Mahindra Defence Systems Limited jointly with V S Parthasarathy*	1	0	0	1	0	0	0
4.	Mahindra Defence Systems Limited jointly with Zhooben Bhiwandiwala*	1	0	0	1	0	0	0
5.	Mahindra Defence Systems Limited jointly with S. P. Shukla*	1	0	0	1	0	0	0
6.	Mahindra Defence Systems Limited jointly with K. Chandrasekar*	1	0	0	1	0	0	0
7.	Mahindra Defence Systems Limited jointly with Rajeev Dubey*	1	0	0	1	0	0	0
8.	Mahindra Defence Systems Limited jointly with Narayan Shankar*	1	0	0	1	0	0	0
	Total	**17,90,00,000**	**100**	**0**	**21,90,00,000**	**100**	**0**	**0**

* Jointly held with Mahindra Defence Systems Limited for the purpose of Compliance with statutory provisions of the Companies Act with regard to minimum no. 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.	**Mahindra and Mahindra Limited**				
	At the beginning of the year	11,10,00,000	62.01	–	–
	Decrease – 17th November, 2016 – Transfer of shares	11,10,00,000	62.01	0	0.00
	At the end of the year	–	–	0	0.00
2.	**Mahindra Defence Systems Limited**				
	At the beginning of the year	6,80,00,000	37.99	–	–
	Increase – 17th November, 2016 – Transfer of shares	11,10,00,000	62.01	17,90,00,000	100
	Increase – 17th November, 2016 – Allotment of shares on rights basis	4,00,00,000	–	21,90,00,000	100
	At the end of the Year	–	–	21,90,00,000	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 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
Nil					

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra Defence Systems Limited jointly with S. P. Shukla	1	–	1	–

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
Indebtedness at the beginning of the financial year 01.04.2016				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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. Sukhvindar Singh Hayer, Executive Director	
1.	Gross Salary		
	a) Salary as per provisions contains in Section 17(1) of the Income Tax Act*	50.84	50.84
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.54	0.54
	c) Profits in lieu of salary u/s 17(3) of 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	1.46	1.46
	– Performance Bonus	–	–
	Total (A)	**52.84**	**52.84**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

* inclusive of Performance Bonus

B. Remuneration to other Directors:

I. Independent Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Lt. Gen. Jaswinder Pal Singh (Retd.)	Ms. Neelam Deo	
Fee for attending Board/Committee Meetings	0.80	0.60	1.40
Commission	0.00	0.00	0.00
Others	0.65	0.40	1.05
Total (1)	**1.45**	**1.00**	**2.45**

II. Other Non-Executive Directors:

(Rs. In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending Board/Committee Meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–
Ceiling as per the Act	**NA**					

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD: (Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Mr. Jagjeet Singh, CFO	Ms. Mili Shah, CS	Total Amount (in Rs.)
1.	Gross Salary			
	(a) Salary as per provisions contains in section 17 (1) of the Income Tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary u/s 17(3) of 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	–	–	–
	– Shared Service charges	19.78	2.83	**22.61**
	Total (C)	**19.78**	**2.83**	**22.61**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

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

S. P. Shukla
Director

Sukhvindar Deep Singh Hayer
Executive Director

Place: Mumbai,
Date: 2nd May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
DEFENCE LAND SYSTEMS INDIA LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **DEFENCE LAND SYSTEMS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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, 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 Ind AS financial statements – Refer Note 31 of the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 45 to the financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 46 to the financial statements.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURUGRAM, May 2, 2017

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 **DEFENCE LAND SYSTEMS INDIA LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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, 2017, 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. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURUGRAM, May 2, 2017

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 its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 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 provided to us, we report that, the title deed, 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) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(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 securities under Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of Section 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) Apart from Service Tax dues of Rs. 70.28 lacs which for reasons explained in detail in note 40 of the Ind AS financial statement are outstanding for a period exceeding six months as at the year end, the Company has generally been regular in depositing all 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 with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(b) There are no disputed dues in respect of Income-tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax which have not been deposited. Details of dues of Excise Duty which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount (Rs. in lacs)*	Amount Paid under protest (Rs. in lacs)	Period to which the amount relates
Central Excise Act	Excise Duty	CESTAT	1,295.26	244.06	2010-2016

* Amount as per demand orders including interest and penalty wherever indicated in the order.

(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 bank. The Company has neither taken any loans or borrowings from financial institutions and government nor has it issued any debentures during the year.

(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 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 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 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-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

GURUGRAM, May 2, 2017

BALANCE SHEET AS AT MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipment	**5**	**3,337.25**	3,576.98	3,746.58
(b) Capital work-in-progress	**6**	**207.40**	67.28	–
(c) Other Intangible assets	**7**	**50.33**	122.77	186.72
(d) Intangible assets under development	**8**	**4,235.30**	2,959.19	906.14
(e) Financial assets				
(i) Other financial Assets	**9**	**654.87**	308.71	308.66
(f) Income tax assets (net)	**10**	**63.96**	161.12	150.91
(g) Other non current assets	**11**	**318.80**	94.78	87.52
Total Non-Current Assets		**8,867.91**	7,290.83	5,386.53
2. Current assets				
(a) Inventories	**12**	**904.37**	858.09	702.28
(b) Financial Assets				
(i) Investments	**13**	**770.37**	–	221.20
(ii) Trade receivables	**14**	**1,396.08**	261.85	603.05
(iii) Cash and cash equivalents	**15**	**935.43**	1,471.60	2,229.84
(iv) Other Bank Balances	**16**	**395.25**	307.08	12.57
(v) Other financial Assets	**9**	**121.26**	62.07	36.56
(vi) Unbilled Revenue		**–**	48.40	–
(c) Other current assets	**11**	**394.91**	262.94	130.35
Total Current Assets		**4,917.67**	3,272.03	3,935.85
Total Assets		**13,785.58**	10,562.86	9,322.38
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity Share capital	**17**	**21,900.00**	17,900.00	16,600.00
(b) Other Equity		**(9,872.56)**	(8,998.66)	(8,067.08)
Total equity		**12,027.44**	8,901.34	8,532.92
LIABILITIES				
2. Non-current liabilities				
(a) Financial liabilities				
(i) Other financial liabilities	**18**	**26.76**	26.76	26.76
(b) Provisions	**19**	**189.17**	140.50	119.25
Total Non-Current Liabilities		**215.93**	167.26	146.01
3. Current liabilities				
(a) Financial liabilities				
(i) Trade payables	**20**	**734.35**	766.07	341.09
(ii) Other financial liabilities	**18**	**92.96**	400.45	25.77
(b) Provisions	**19**	**22.70**	26.79	19.73
(c) Other current liabilities	**21**	**692.20**	300.95	256.86
Total Current Liabilities		**1,542.21**	1,494.26	643.45
Total Equity and Liabilities		**13,785.58**	10,562.86	9,322.38
See accompanying notes forming part of the financial statements	**1 to 47**			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : 2nd May, 2017

For and on behalf of **Board of Directors**

S P Shukla	*(Director)*	*DIN : 00007418*
Mukul Verma	*(Director)*	*DIN : 02428217*
Jagjeet Singh	*(Chief Financial Officer)*	
Sukhvindar Hayer	*(Director)*	*DIN : 07272511*
Mili Hitesh Shah	*(Company Secretary)*	

Place : Mumbai
Date : 2nd May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

Particulars		Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	**22**	**3,006.09**	2,064.45
II	Other Income	**23**	**273.04**	275.18
III	**Total Revenue (I + II)**		**3,279.13**	2,339.63
IV	**EXPENSES**			
	(a) Cost of materials consumed	**24**	**1,456.09**	972.61
	(b) Purchases of stock-in-trade	**25**	**223.36**	219.72
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	**26**	**31.68**	(31.68)
	(d) Excise duty on sale of goods		**244.85**	24.89
	(e) Employee benefit expense	**27**	**1,003.58**	871.28
	(f) Finance costs	**28**	**23.04**	23.02
	(g) Depreciation and amortisation expense	**5,7**	**368.57**	377.64
	(h) Other expenses	**29**	**806.67**	806.15
	Total Expenses (IV)		**4,157.84**	3,263.63
V	**Profit/(loss) before tax (III - IV)**		**(878.71)**	(924.00)
VI	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
	Total tax expense		**–**	–
VII	**Profit/(loss) after tax from operations (V - VI)**		**(878.71)**	(924.00)
VIII	**Other comprehensive income**			
	A (i) Items that will not be recycled to profit or loss			
	(a) Remeasurement gain/(losses) on defined benefit plans		**4.81**	(7.58)
IX	**Total comprehensive income for the period (VII+VIII)**		**(873.90)**	(931.58)
X	**Earnings per equity share :**			
	(1) Basic	**36**	**(0.45)**	(0.56)
	(2) Diluted	**36**	**(0.45)**	(0.56)
	See accompanying notes forming part of the financial statements	**1 to 47**		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : 2nd May, 2017

For and on behalf of **Board of Directors**

S P Shukla	*(Director)*	*DIN : 00007418*
Mukul Verma	*(Director)*	*DIN : 02428217*
Jagjeet Singh	*(Chief Financial Officer)*	
Sukhvindar Hayer	*(Director)*	*DIN : 07272511*
Mili Hitesh Shah	*(Company Secretary)*	

Place : Mumbai
Date : 2nd May, 2017

CASH FLOW STATEMENT - INDIRECT METHOD

All amounts in Rs. lacs unless otherwise stated

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities		
Profit / (loss) before tax	**(878.71)**	(924.00)
Adjustments for:		
Finance costs recognised in profit or loss	**10.97**	1.08
Investment income recognised in profit or loss		
– Interest on fixed deposits	**(93.93)**	(108.33)
– Interest on income tax refund	**(19.34)**	(1.83)
Remeasurement of the defined benefit plans	**4.81**	(7.58)
Profit on sale of plant and equipment	**(5.99)**	(4.00)
Loss on sale of plant and equipment	**5.68**	0.17
Loss on plant and equipment scrapped	**–**	1.06
Loss on write down of inventories	**30.15**	1.86
Dividend received	**(25.53)**	(34.25)
Depreciation and amortisation expenses	**368.57**	377.64
	(603.32)	(698.18)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(1,085.83)**	292.80
(Increase)/decrease in inventories	**(76.43)**	(157.67)
(Increase)/decrease in other assets	**(135.42)**	(170.62)
Increase/(decrease) in trade and other payables	**(31.72)**	424.98
Increase/(decrease) in provisions	**44.58**	28.31
Increase/(decrease) in other liabilities	**389.25**	35.41
Cash generated from operations	**(1,498.89)**	(244.97)
Income taxes paid	**97.16**	(10.21)
Net cash generated by operating activities	**(1,401.73)**	(255.18)
Cash flows from investing activities		
Purchase of plant, property and equipment including capital advances	**(2,062.30)**	(1,867.23)
Sale of plant, property and equipment	**21.88**	21.70
Sale/(Purchase) of current investments	**(770.37)**	221.20
Fixed deposits with bank as margin money	**(426.49)**	(294.51)
Interest on income tax refund	**19.34**	1.83
Interest on fixed deposits	**68.94**	80.78
Dividend received	**25.53**	34.25
Net cash (used in)/generated by investing activities	**(3,123.47)**	(1,801.98)
Cash flows from financing activities		
Proceeds from issue of equity share capital	**4,000.00**	1,300.00
Finance costs	**(10.97)**	(1.08)
Net cash (used in)/generated by financing activities	**3,989.03**	1,298.92
Net increase/(decrease) in cash and cash equivalents	**(536.17)**	(758.24)
Cash and cash equivalents at the beginning of the year	**1,471.60**	2,229.84
Cash and cash equivalents at the end of the year	**935.43**	1,471.60
Cash and cash equivalents	**935.43**	1,471.60
Other bank balances	**395.25**	307.08
Cash and cash equivalents (Note 15 and 16)	**1,330.68**	1,778.68
See accompanying notes forming part of the financial statements **1 to 47**		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : 2nd May, 2017

For and on behalf of **Board of Directors**

S P Shukla	*(Director)*	*DIN : 00007418*
Mukul Verma	*(Director)*	*DIN : 02428217*
Jagjeet Singh	*(Chief Financial Officer)*	
Sukhvindar Hayer	*(Director)*	*DIN : 07272511*
Mili Hitesh Shah	*(Company Secretary)*	

Place : Mumbai
Date : 2nd May, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

a. Equity share capital

Particulars	Number of Shares	Equity share capital
Balance as at April 1,2015	166,000,000	16,600.00
Changes in equity share capital during the year	13,000,000	1,300.00
Balance as at March 31, 2016	179,000,000	17,900.00
Changes in equity share capital during the year	40,000,000	4,000.00
Balance as at March 31, 2017	**219,000,000**	**21,900.00**

b. Other Equity

Particulars	Securities premium reserve	Retained earnings	Actuarial gain / (loss)	Total
Balance as at April 1, 2015	202.24	(8,269.32)	–	(8,067.08)
Profit/(loss) for the year	–	(924.00)	–	(924.00)
Other comprehensive income for the year	–		(7.58)	(7.58)
Balance as at March 31, 2016	202.24	(9,193.32)	(7.58)	(8,998.66)
Profit/(loss) for the year	–	(878.71)	–	(878.71)
Other comprehensive income for the year	–	–	4.81	4.81
Balance as at March 31, 2017	**202.24**	**(10,072.03)**	**(2.77)**	**(9,872.56)**

See accompanying notes forming part of the financial statements **1 to 47**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Place : Gurugram
Date : 2nd May, 2017

For and on behalf of **Board of Directors**

S P Shukla	*(Director)*	*DIN : 00007418*
Mukul Verma	*(Director)*	*DIN : 02428217*
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Sukhvindar Hayer	*(Director)*	*DIN : 07272511*
Mili Hitesh Shah	*(Company Secretary)*	

Place : Mumbai
Date : 2nd May, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

1. General Information

Defence Land Systems India Limited (the Company) is engaged in the manufacturing and selling of bulletproof and other special application vehicles and spare parts meant for defence purposes which are primarily used by Defence forces, State Police forces, VIP and VVIP security. The registered office of the Company is in Mumbai and manufacturing facility in Palwal.

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorize for issue on May 2, 2017.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 42 for the details of first-time adoption exemptions availed by the Company.

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization 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.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Commission income is recognized on accrual basis.

Dividend and interest income

Dividend income from investments is recognized when 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 recognised 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.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the companies expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

3.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

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 annual 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 net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

- net interest expense or income; and
- remeasurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies 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.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 liabilities and assets 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

3.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful prescribed in Schedule II to the Companies Act, 2013 other than certain plant and equipment which are depreciated over a period of 1-8 years and vehicles which are depreciated over a period of 5 years.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised 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 amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from 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, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on product design and prototypes incurred are amortised on a straight line method over a period of 5 years and 3-5 years respectively.

3.9 Impairment of tangible and intangible assets

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). Recoverable amount is the higher of fair value less costs of disposal and value in use.

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 of disposal 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.

When 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads and where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

3.13 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets are measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Company derecognises a financial asset 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 party.

3.14 Financial liabilities

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.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised 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, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.15 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.

3.16 Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS – 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by the International Accounting Standards Board (IASB) to IAS – 7, 'Statement of Cash Flows'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind – AS 7:

The amendment to Ind AS – 7, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on financial statements is being evaluated.

3.17 First-time adoption - mandatory exceptions, optional exemptions

Overall principle

The company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, 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 recognised 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 areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible asset under development

During the year, the Company assessed the recoverability of the intangible assets under development.

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. This situation is closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

5. Property, Plant and Equipment

– Tangible Assets

Description	Land - Freehold	Buildings*	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
Description of Assets							
I. Gross Block							
Balance as at March 31, 2016	836.42	2,298.84	1,215.09	52.34	189.17	519.50	5,111.36
Additions	–	–	32.18	0.85	1.83	43.11	77.97
Disposals	–	–	1.15	–	–	64.97	66.12
Balance as at March 31, 2017	**836.42**	**2,298.84**	**1,246.12**	**53.19**	**191.00**	**497.64**	**5,123.21**
II. Accumulated depreciation and impairment							
Balance as at March 31, 2016	–	447.24	636.25	46.35	86.47	318.07	1,534.38
Depreciation / amortisation expense for the year	–	72.50	117.83	1.68	21.36	82.76	296.13
Eliminated on disposal of assets	–	–	1.09	–	–	43.46	44.55
Balance as at March 31, 2017	**–**	**519.74**	**752.99**	**48.03**	**107.83**	**357.37**	**1,785.96**
Net block (I-II)							
Balance as on March 31, 2017	**836.42**	**1,779.10**	**493.13**	**5.16**	**83.17**	**140.27**	**3,337.25**
Balance as on March 31, 2016	836.42	1,851.60	578.84	5.99	102.70	201.43	3,576.98

Description	Land - Freehold	Buildings*	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
Description of Assets							
I. Gross Block							
Balance as at April 1, 2015	836.42	2,298.84	1,155.44	53.50	187.38	500.86	5,032.44
Additions	–	–	68.26	0.47	3.05	80.88	152.66
Disposals	–	–	8.61	1.63	1.26	62.24	73.74
Balance as at March 31, 2016	836.42	2,298.84	1,215.09	52.34	189.17	519.50	5,111.36
II. Accumulated depreciation and impairment							
Balance as at April 1, 2015	–	374.74	533.53	43.82	65.73	268.04	1,285.86
Depreciation / amortisation expense for the year	–	72.50	110.90	4.08	21.38	94.47	303.33
Eliminated on disposal of assets	–	–	8.18	1.55	0.64	44.44	54.81
Balance as at March 31, 2016	–	447.24	636.25	46.35	86.47	318.07	1,534.38
Net block (I-II)							
Balance as on March 31, 2016	836.42	1,851.60	578.84	5.99	102.70	201.43	3,576.98
Balance as at April 1, 2015	836.42	1,924.10	621.91	9.68	121.65	232.82	3,746.58

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

6. Capital work-in-progress

Description	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital work-in-progress	**207.40**	67.28	–
Total	**207.40**	67.28	–

7. Other Intangible Assets

Description of Assets Intangible Assets	Product design and prototypes #	Computer Software	Total
I. Gross Block			
Balance as at March 31, 2016	351.85	174.75	526.60
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2017	**351.85**	**174.75**	**526.60**
II. Accumulated depreciation and impairment for the year			
Balance as at March 31, 2016	237.07	166.76	403.83
Amortisation for the year	68.43	4.01	72.44
Balance as at March 31, 2017	**305.50**	**170.77**	**476.27**
Net block (I-II)			
Balance as on March 31, 2017	**46.35**	**3.98**	**50.33**
Balance as on March 31, 2016	114.78	7.99	122.77

Development expenditure includes Vehicle Emission and CMVR Project with a carrying amount as at March 31, 2017 Rs. 44.35 lacs (As on March 31, 2016 Rs. 88.70 lacs) with a remaining amortisation period of 1 year.

Description of Assets Intangible Assets	Product design and prototypes ##	Computer Software	Total
I. Gross Block			
Balance as at April 1, 2015	351.85	164.39	516.24
Additions	–	10.36	10.36
Disposals	–	–	–
Balance as at March 31, 2016	351.85	174.75	526.60
II. Accumulated depreciation and impairment for the year			
Balance as at April 1, 2015	166.70	162.82	329.52
Amortisation for the year	70.37	3.94	74.31
Balance as at March 31, 2016	237.07	166.76	403.83
Net block (I-II)			
Balance as on March 31, 2016	114.78	7.99	122.77
Balance as at April 1, 2015	185.15	1.57	186.72

Development expenditure includes Vehicle Emission and CMVR Project with a carrying amount as at March 31, 2016 Rs. 88.70 lacs (As on April 1, 2015 Rs. 133.06 lacs) with a remaining amortisation period of 2 years.

8. Intangible assets under development

Description	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Intangible assets under development	**4,235.30**	2,959.19	906.14
Total	**4,235.30**	2,959.19	906.14

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

9. Other financial assets

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
a) Security Deposits									
– Unsecured, considered good	**51.94**	**8.56**	**60.50**	3.13	8.71	11.84	11.79	8.66	20.45
Total (A)	**51.94**	**8.56**	**60.50**	3.13	8.71	11.84	11.79	8.66	20.45
b) Interest Receivable									
– Interest accrued on deposits	**69.32**	**7.99**	**77.31**	52.32	–	52.32	24.77	–	24.77
Total (B)	**69.32**	**7.99**	**77.31**	52.32	–	52.32	24.77	–	24.77
c) Restricted Cash and bank balances									
– Earmarked Deposit account with scheduled banks *	**–**	**638.32**	**638.32**	–	300.00	300.00	–	300.00	300.00
Total (C)	**–**	**638.32**	**638.32**	–	300.00	300.00	–	300.00	300.00
d) Insurance claim	**–**	**–**	**–**	6.62	–	6.62	–	–	–
Total (D)	**–**	**–**	**–**	6.62	–	6.62	–	–	–
Grand Total (A+B+C+D)	**121.26**	**654.87**	**776.13**	62.07	308.71	370.78	36.56	308.66	345.22

* held as margin money deposits against bank guarantee.

10. Income tax assets (net)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Tax assets			
Advance income tax	**63.96**	161.12	150.91
Total	**63.96**	161.12	150.91
Tax liabilities			
Provision for income tax	**–**	–	–
Total	**63.96**	161.12	150.91

11. Other assets

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total	Current	Non-Current	Total
a) Balances with government authorities									
Unsecured, considered good									
(i) CENVAT credit receivable	**178.62**	**–**	**178.62**	137.89	38.52	176.41	18.76	–	18.76
(ii) VAT credit receivable	**2.46**	**–**	**2.46**	2.24	–	2.24	1.33	–	1.33
(iii) Service Tax credit receivable	**132.67**	**–**	**132.67**	68.79	–	68.79	36.24	–	36.24
	313.75	**–**	**313.75**	208.92	38.52	247.44	56.33	–	56.33
b) Others									
Unsecured, considered good									
(i) Prepaid expenses	**61.09**	**1.44**	**62.53**	22.36	1.50	23.86	14.90	–	14.90
(ii) Advances for supply of goods and services	**19.74**	**–**	**19.74**	30.79	–	30.79	57.97	–	57.97
(iii) Advances to employees	**0.33**	**–**	**0.33**	0.87	–	0.87	1.15	–	1.15
(iv) Capital advances	**–**	**317.36**	**317.36**	–	54.76	54.76	–	87.52	87.52
	81.16	**318.80**	**399.96**	54.02	56.26	110.28	74.02	87.52	161.54
Total	**394.91**	**318.80**	**713.71**	262.94	94.78	357.72	130.35	87.52	217.87

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

12. Inventories

(At the lower of cost and net realisable value)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Raw materials	**893.84**	766.05	637.70
(b) Finished goods	**–**	31.68	-
(c) Stores and spares	**8.68**	10.16	9.14
(d) Loose Tools	**1.85**	50.20	55.44
Total	**904.37**	858.09	702.28
Included above, goods-in-transit:			
(i) Raw materials	**2.03**	3.83	0.87

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 1,741.28 lacs (March 31, 2016: Rs. 1,162.51 lacs).

(ii) The cost of inventories recognised as an expense includes Rs. 30.15 lacs (March 31, 2016: Rs. 1.86 lacs) in respect of write-down of inventory to net realisable value.

(iii) The carrying amount of inventories pledged as security for liabilities is Rs. 904.37 lacs (March 31, 2016: Rs. 858.09 lacs, April 1, 2015: Rs. 702.28 lacs).

(iv) Mode of valuation of inventories is stated in Note 3.10 of accounting policy

13. Investment

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	**Amounts**	Units	Amounts	Units	Amounts
Particular	**Nos**	**Current**	Nos	Current	Nos	Current
Investments Carried at:						
A. Designated as Fair Value Through Profit and Loss						
I. Unquoted non trade investments (all fully paid)						
Mahindra Liquid Fund - Regular - Daily Dividend	**20,683**	**206.87**	–	–	–	–
Kotak Mahindra Mutual Fund - Kotak Floater Short Term - Daily Dividend (Regular Plan)	**20,408**	**206.45**	–	–	15,662	158.44
ICICI Prudential Mutual Fund - ICICI Prudential Money Market Fund - Regular Plan - Daily dividend)	**253,194**	**253.52**	–	–	58,161	58.24
Sundaram Money Fund Regular - Daily Dividend	**1,025,481**	**103.53**	–	–	–	–
DWS Mutual Fund - DWS Insta Cash Plus Fund - Daily Dividend	**–**	**–**	–	–	4,508	4.52
Total	**1,319,766**	**770.37**	–	–	78,331	221.20

Repurchase price Rs. 770.37 lacs (previous year Rs. Nil , April 1, 2015: 221.20 lacs)

14. Trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Current	Current	Current
Unsecured, considered good			
Trade receivables	**1,396.08**	261.85	603.05
Total	**1,396.08**	261.85	603.05
Of the above, trade receivables from:			
– Related Parties	**195.73**	97.03	548.12
– Others	**1,200.35**	164.82	54.93
Total	**1,396.08**	261.85	603.05

Age of Receivable	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	**32.57**	46.46	–
Upto 6 months	**1,350.92**	202.88	590.39
More than 6 months	**12.59**	12.51	12.66
Total	**1,396.08**	261.85	603.05

Refer Note 37 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

15. Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Cash in hand	**–**	0.22	0.27
(b) Balances with banks :			
(i) in current account	**2.02**	171.38	129.57
(ii) In deposit accounts with maturity for more than three months and less than 12 months	**1,050.00**	1,300.00	2,100.00
Cash and cash equivalents as per balance sheet	**1,052.02**	1,471.60	2,229.84
Less: Book overdraft	**116.59**	–	–
Cash and cash equivalents as per statement of cash flows	**935.43**	1,471.60	2,229.84

16. Other Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Balances with Banks:			
In deposit accounts with maturity for more than three months and less than 12 months*	**395.25**	307.08	12.57
Total	**395.25**	307.08	12.57

*Held as margin money against guarantee

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

17. Equity Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 015
Authorised:			
Equity shares of Rs. 10 each			
No. of Shares	**240,000,000**	205,000,000	170,000,000
Amount in Rs. lacs	**24,000.00**	20,500.00	17,000.00
Issued, Subscribed and Fully Paid:			
Equity shares of Rs. 10 each fully paid up			
No. of Shares	**219,000,000**	179,000,000	166,000,000
Amount in Rs. lacs	**21,900.00**	17,900.00	16,600.00
Total	**21,900.00**	17,900.00	16,600.00

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year :

Particulars	Opening Balance	Fresh Issue	Closing Balance
Year ended March 31, 2017			
No. of Shares	**179,000,000**	**40,000,000**	**219,000,000**
Amount in Rs. lacs	**17,900.00**	**4,000.00**	**21,900.00**
Year ended March 31, 2016			
No. of Shares	166,000,000	13,000,000	179,000,000
Amount in Rs. lacs	16,600.00	1,300.00	17,900.00

(ii) Details of shareholders holding more than 5% equity shares in the Company :

Particulars	No. of Shares Equity Shares with Voting rights	% holding
As at March 31, 2017		
Mahindra Defence Systems Limited	**219,000,000**	**100.00%**
As at March 31, 2016		
Mahindra & Mahindra Limited*	111,000,000	62.01%
Mahindra Defence Systems Limited	68,000,000	37.99%
	179,000,000	100.00%
As at March 31, 2015		
Mahindra & Mahindra Limited*	111,000,000	66.87%
Mahindra Defence Systems Limited	55,000,000	33.13%
	166,000,000	100.00%

*Holding company by virtue of holding more than one-half of equity share capital in the Company.

18. Other Financial Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
(a) Security deposit received	**26.76**	26.76	26.76
	26.76	26.76	26.76
Current			
(a) Short term Deposits	**–**	2.00	10.68
(b) Creditors for capital supplies/services	**92.96**	398.45	15.09
Total	**92.96**	400.45	25.77

19. Provisions

Particulars	As at March 31, 2017 Current	Non-Current	Total	As at March 31, 2016 Current	Non-Current	Total	As at April 1, 2015 Current	Non-Current	Total
(a) Provision for employee benefits [1]									
(1) Long-term Employee Benefits-Compensated absences	**5.47**	**76.95**	**82.42**	4.14	51.54	55.68	1.96	43.68	45.64
(2) Gratuity	**6.93**	**84.14**	**91.07**	5.71	67.68	73.39	1.53	54.98	56.51
(3) Provision for post employment medical benefits	**0.35**	**21.97**	**22.32**	5.98	13.07	19.05	6.23	9.65	15.88
(b) Other Provisions									
(1) Provision for warranty [2]	**9.95**	**6.11**	**16.06**	10.96	8.21	19.17	10.01	10.94	20.95
Total	**22.70**	**189.17**	**211.87**	26.79	140.50	167.29	19.73	119.25	138.98

(i) Details of movement in warranty provisions

Particulars	Amount
Balance at April 1, 2015	20.95
– Additional provisions recognised	2.66
– Amounts used during the period	(5.04)
– Unwinding of discount and effect of changes in the discount rate	0.59
Balance at March 31, 2016	19.16
– Additional provisions recognised	5.63
– Amounts used during the period	(8.91)
– Unwinding of discount and effect of changes in the discount rate	0.17
Balance at March 31, 2017	**16.04**

(1) The provision for employee benefits includes earned leave, sick leave, gratuity and post employment medical benefits. The increase in the carrying amount of the provision for the current year results from increase in the number of employees and salary cost. For other disclosures, refer Note 32.

(2) The provision for warranty represent the present value of managements best estimate of the future outflow of economic benefits that will be required under the groups obligations for warranties under the local sale of goods legislation. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the three-year warranty period for all products sold.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

20. Trade Payables

Particulars	As at March 31, 2017 Current	As at March 31, 2016 Current	As at April 1, 2015 Current
(i) total outstanding dues of micro and small enterprises*	**57.17**	46.08	216.17
(ii) total outstanding dues of creditor other than micro and small enterprises	**677.18**	719.99	124.92
Total	**734.35**	766.07	341.09

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 38.

* Refer note 31

21. Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a. Advances received from customers	**192.42**	19.17	36.59
b. Others			
– Statutory remittances (contributions to PF and ESIC, withholding taxes, VAT, service tax, etc.)*	**410.72**	204.50	164.08
– Interest payable on statutory remittances	**89.06**	77.28	56.19
Total	**692.20**	300.95	256.86

* Refer note 39

22. Revenue from Operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Revenue from sale of goods	**2,943.42**	1,965.35
(b) Revenue from rendering of services #	**34.08**	76.68
(c) Other operating revenue	**28.59**	22.42
Total	**3,006.09**	2,064.45

includes unbilled revenue Rs. Nil (previous year Rs. 42.27 lacs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Sale of products comprises :		
Manufactured goods		
VIP Discreet Vehicle	**153.09**	1,173.54
Light Armoured Vehicle	**2,009.05**	156.62
Police Special Purpose Vehicle	**62.32**	139.02
Wheel assembly and others	**291.79**	72.42
Total (i)	**2,516.25**	1,541.60
Traded goods		
Spare parts and other allied products	**427.17**	423.75
Total (ii)	**427.17**	423.75
Total (i+ii)	**2,943.42**	1,965.35
(ii) Other operating revenues comprise:		
Sale of scrap	**9.75**	22.42
Freight and handling charges recovered	**16.83**	–
Duty drawback and other export incentives	**2.01**	–
Total	**28.59**	22.42

23. Other Income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on fixed deposits	**93.93**	108.33
Interest on income tax refund	**19.34**	1.83
Dividend Income on financial instrument measured at FVTPL	**25.53**	34.25
Exchange gain (net)	**9.02**	0.17
Excess provision/unclaimed balances written back	**–**	13.26
Other non-operating income		
Operating lease rental income	**118.38**	112.74
Profit on sale of property, plant and equipment	**5.99**	4.00
Miscellaneous income	**0.85**	0.60
Total	**273.04**	275.18

24. Cost of materials consumed

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock	**766.05**	637.70
Add: Purchases	**1,583.88**	1,100.96
Less: Closing stock	**893.84**	766.05
Cost of materials consumed	**1,456.09**	972.61

25. Purchases of stock-in-trade (traded goods)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stock-in-trade - Spares Parts	**223.36**	219.72
Total	**223.36**	219.72

26. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year:		
Finished goods	**–**	31.68
	–	31.68
Inventories at the beginning of the year:		
Finished goods	**31.68**	–
	31.68	–
Net Change	**31.68**	(31.68)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

27. Employee Benefits Expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries and wages	**882.37**	767.15
(b) Contribution to provident fund	**54.66**	47.26
(c) Gratuity expense*	**22.43**	17.74
(d) Staff welfare expenses	**44.12**	39.13
Total	**1,003,58**	871.28

* Refer Note no 32

28. Finance Cost

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest expense		
1 Interest expense on borrowings	**10.97**	1.08
2 Interest expense on statutory remittances	**11.82**	21.27
3 Interest on MSME trade payables	**0.08**	0.08
(b) Unwinding of discount on provision	**0.17**	0.59
Total	**23.04**	23.02

29. Other Expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stores consumed	**11.64**	10.29
Tools consumed	**0.75**	2.12
Power and fuel	**55.80**	54.36
Rent including lease rentals	**17.38**	11.74
Rates and taxes	**70.71**	34.06
Insurance	**18.65**	21.35
Repairs and maintenance		
- Buildings	**26.85**	30.65
- Plant and Equipment	**64.23**	55.45
- Others	**0.99**	1.76
Loss on plant and equipment scrapped	**–**	1.06
Loss on sale of plant and equipment	**5.68**	0.17
Loss on write down of inventories	**30.15**	1.86
Communication expenses	**12.74**	12.55
Travelling and conveyance expenses	**91.84**	100.55
Security charges	**30.40**	21.90
Legal and professional charges	**107.74**	87.92
Selling and marketing expenses	**73.69**	161.27
Printing and Stationary	**4.82**	4.97
Auditors' remuneration (Excluding service tax)		
- Statutory audit	**14.00**	13.00
- Other services	**1.52**	7.08
- Out of pocket expenses	**0.78**	0.46
Advertisement	**6.74**	7.99
Freight outward	**15.28**	40.25
Shared service charges	**76.08**	62.03
Vehicle trial expenses	**25.58**	21.59
Miscellaneous expenses	**42.63**	39.72
Total	**806.67**	806.15

30. Contingent liabilities and commitments (not provided for)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Contingent Liabilities*			
Excise duty	**659.86**	544.41	544.41
Service tax	–	–	56.45
(ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**87.02**	250.00	137.33

*****Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

31. Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Amount payable to supplier under MSMED (suppliers) as at the end of year	**57.17**	46.08
- Principal	**57.09**	46.00
- Interest due there on	**0.08**	0.08
Payment made to supplier beyond the appointed day during the year		
- Principal	**7.19**	3.61
- Interest due there on	–	–
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED	**0.08**	0.02
Amount of interest accrued and remaining unpaid as at the end of year	**0.08**	0.08
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

32. Employee benefits

The details of various employee benefits provided to employees are as under :

(a) Defined Contribution Plan

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Provident fund	**54.66**	47.26
Employee State Insurance	**3.85**	4.24
Labour welfare fund	**0.40**	0.37

(b) Defined Benefit Plans:

Gratuity

The Company has a gratuity plan covering qualifying employees. The benefit vests 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, the gratuity is payable irrespective of vesting.

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All amounts in Rs. lacs unless otherwise stated

Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Salary Increases
Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate
Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability
Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals
Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2017. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	March 31, 2017	March 31, 2016
Discount rate(s)	**7.53%**	7.92%
Expected rate(s) of salary increase	**7.50%**	7.50%
Medical inflation	**3.00%**	3.00%
Rate of withdrawal		
Up to 30 Years	**5.00%**	5.00%
From 31 to 44 years	**4.00%**	4.00%
Above 44 years	**3.00%**	3.00%
In service mortality	**IALM (2006-08)**	IALM (2006-08)

Defined benefit plans – as per actuarial valuation on March 31, 2017

	Unfunded Plans		Unfunded Plans	
	Gratuity		Post retirement medical	
Particulars	**2017**	2016	**2017**	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Current Service Cost	**16.32**	13.26	**3.30**	1.20
Net interest expense	**5.81**	4.48	**1.51**	1.29
Components of defined benefit costs recognised in profit or loss	**22.13**	17.74	**4.81**	2.49
Remeasurement on the net defined benefit liability				
Return on plan assets (excluding amount included in net interest expense)	–	–	–	–
Actuarial (gains)/losses arising from changes in financial assumptions	**3.81**	(0.84)	**1.49**	–
Actuarial (gains)/losses arising from experience adjustments	**(7.08)**	7.72	**(3.03)**	0.77
Actuarial (gains)/losses arising from Demographic adjustments	–	0.02	–	(0.08)
Components of defined benefit costs recognised in other comprehensive income	**(3.27)**	6.90	**(1.54)**	0.69
Total	**18.86**	24.64	**3.27**	3.18
I. Net Asset/(Liability) recognised in the Balance Sheet as at March 31				
1. Present value of defined benefit obligation as at March 31	**91.07**	73.39	**22.32**	19.05
2. Fair value of plan assets as at March 31	–	–	–	–
3. Surplus/(Deficit)	**91.07**	73.39	**22.32**	19.05
4. Current portion of the above	**6.93**	5.71	**0.35**	5.98
5. Non current portion of the above	**84.14**	67.68	**21.97**	13.07
II. Change in the obligation during the year ended March 31				
1. Present value of defined benefit obligation at the beginning of the year	**73.39**	56.51	**19.05**	15.87
2. Expenses Recognised in Profit and Loss Account				
- Current Service Cost	**16.32**	13.26	**3.30**	1.20
- Interest Cost	**5.81**	4.48	**1.51**	1.29
Remeasurement (gains) /losses				
- Actuarial (gains)/losses arising from:				
i. Demographic Assumptions	–	0.02	–	(0.08)
ii. Financial Assumptions	**3.81**	(0.84)	**1.49**	–
iii. Experience Adjustments	**(7.08)**	7.72	**(3.03)**	0.77
4. Benefit payments	**(1.18)**	(7.76)	–	–
5. Present value of defined benefit obligation at the end of the year	**91.07**	73.39	**22.32**	19.05

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

The current service cost and the net interest expense for the year are included in the 'Employment benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption		**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate				
	March 31, 2017	0.50%	(4.93)	5.38
	March 31, 2016	0.50%	(3.73)	4.07
Salary growth rate				
	March 31, 2017	0.50%	5.36	(4.95)
	March 31, 2016	0.50%	4.07	(3.76)
Medical inflation rate				
	March 31, 2017	0.50%	(2.31)	2.32
	March 31, 2016	0.50%	(1.79)	2.02

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The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2017	2016
Within 1 year	**6.93**	5.71
1 - 2 year	**2.84**	2.30
2 - 3 year	**2.83**	2.28
3 - 4 year	**12.20**	2.72
4 - 5 year	**3.19**	2.17
5 - 6 years	**2.36**	8.54
6 years onwards	**60.71**	49.67

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
Defined benefit obligation	**91.07**	73.39	56.51	56.80	31.88
Net asset/ (liability)	**(91.07)**	(73.39)	(56.51)	(56.80)	(31.88)
Experience Adjustment on actuarial (gain)/loss on plan obligation	**(7.08)**	7.72	(3.17)	1.44	(10.29)

33. Deferred tax asset (net)

(a) Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.

(b) The Company has carried out its tax computation in accordance with the IND-AS 12. In view of absence of certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. Major components of deferred tax assets/liabilities are as follows:

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Deferred tax liability on			
(i) Property, plant and equipment and intangible assets	**125.51**	158.82	44.40
Deferred tax assets on			
(i) Unabsorbed depreciation and brought forward business losses	**125.51**	158.82	44.40

Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Unused tax losses (revenue in nature)	**1,788.39**	1,620.59	1,562.09
Unabsorbed depreciation (will never expire)	**945.59**	845.74	731.77
Total	**2,733.98**	2,466.33	2,293.86

Unused tax losses of company will expire as below :

Financial Year	**Business Losses**	**Loss can be c/f upto FY**
FY 11-12	1,344.91	FY 2019-2020
FY 12-13	2,313.00	FY 2020-2021
FY 13-14	564.27	FY 2021-2022
FY 14-15	570.65	FY 2022-2023
FY 15-16	559.61	FY 2023-2024
FY 16-17	435.24	FY 2024-2025

The tax rate used for the 31 March 2016 and 31 March 2017 reconciliations above is the corporate tax rate of 30.90% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Provision for Income Tax

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Accounting Profit/(loss) before tax	**(878.72)**	(924.00)
Income tax expense calculated at 30.90%	**(271.52)**	(285.52)
Effect of income exempt from taxation	**(7.89)**	(10.58)
Effect of expense disallowed in computation of taxable income	**16.43**	15.41
Loss on which deferred tax has not been created	**262.99**	280.69
Income tax expense recognised in Statement of profit and loss	**–**	–

34. Segment Information

Company's business activities falls within in a single primary business segment viz. 'Fabrication of armoured/unarmoured vehicles'. The company operates in two geographical area i.e. India (the country of domicile) and Outside India :

Geographic information	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Revenue from customers		
India		
External	**2,484.97**	1,383.89
Internal (Related Parties)	**196.22**	632.99
	2,681.19	2,016.88
Outside India		
Australia-External	**273.98**	47.57
Jordon - External	**34.59**	–
Israel - External	**0.06**	–
UAE - Internal	**16.27**	–
	324.90	47.57
Total revenue per statement of profit or loss	**3,006.09**	2,064.45

During the year 2016-17 revenue from two external customers amounted to more than 10% of total revenue i.e. Rs. 925.10 lacs and Rs. 767.15 lacs (Last year Rs. 505.07 lacs and Rs. 443.84 lacs)

Non-current operating assets	**As at March 31, 2017**	As at March 31, 2016
India	**3,387.58**	3,699.75
Outside India	**–**	–
Total	**3,387.58**	3,699.75

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

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Revenue from major products and services

The following is an analysis of the Company's revenue from its operations from its major products and services:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
VIP Discreet Vehicle	**153.09**	1,173.54
Light Armoured Vehicle	**2,009.05**	156.62
Wheel assembly	**209.37**	47.56
Total	**2,371.51**	1,377.72

35. Related Party Transactions

Name of the Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Name of the Holding Company	Mahindra Defence Systems Limited (MDSL), subsidiary of Mahindra & Mahindra Limited
Fellow Subsidiaries	(i) Mahindra Logistics Limited (ii) Mahindra Integrated Business Solutions Private Limited (iii) Mahindra Emirates Vehicle Armouring Fz LLC (iv) Mahindra Telephonics Integrated Systems Limited (v) Mahindra Trucks & Buses Limited (vi) Mahindra Heavy Engines Private Limited (vii) Lords Freight India Private Limited
Key management personnel	(i) Mr. S P Shukla, Director (ii) Mr. Sukhvinder Hayer, Director

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Fellow Subsidiaries
Nature of transactions with Related Parties				
Sale of goods	31–Mar–17	2.60	206.08	–
	31–Mar–16	–	793.75	–
Purchase of goods/material	31–Mar–17	598.55	–	1.03
	31–Mar–16	420.04	–	0.86
Purchase of plant and equipment	31–Mar–17	–	–	–
	31–Mar–16	14.25	–	14.88
Rendering of services	31–Mar–17	19.26	–	16.27
	31–Mar–16	48.40	–	–
Receiving of services	31–Mar–17	47.39	22.52	92.13
	31–Mar–16	29.68	20.84	40.28
Rental income	31–Mar–17	–	–	136.03
	31–Mar–16	–	–	128.40
Lease expenses	31–Mar–17	18.58	–	–
	31–Mar–16	12.31	–	–
Reimbursement of expenses	31–Mar–17	108.28	–	–
	31–Mar–16	92.46	–	–
Equity contribution to the Company	31–Mar–17	–	4,000.00	–
	31–Mar–16	–	1,300.00	–
Expenses recovered	31–Mar–17	–	–	27.40
	31–Mar–16	–	–	21.69
Security deposit received	31–Mar–17	–	–	–
	31–Mar–16	–	2.00	–

Defence Land Systems India Limited

Notes to the financial statements for the year ended March 31, 2017
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Significant related party transactions included in the above are as under:

Particulars	Company /Key Managerial Personnel Name	For the year ended March 31, 2017	For the year ended March 31, 2016
Purchase of fixed assets	Mahindra Heavy Engines Private Limited	–	14.88
Purchase of Goods/ material	Mahindra Truck & Buses Ltd.	**1.03**	0.86
Receiving of services	Mahindra Logistics Limited	**53.04**	14.43
	Lords freight India Private Limited	**37.08**	24.31
Receiving of services	Mahindra Emirates Vehicle Armouring Fz LLC	**16.27**	–
Rental income	Mahindra Telephonics Integrated Systems Limited	**136.03**	128.40
Expense recovered	Mahindra Telephonics Integrated Systems Limited	**27.40**	21.69
Closing balance as at the year end- Receivables/ (Payables)	Mahindra Logistics Limited	**(6.65)**	(8.66)
	Lords freight India Private Limited	**(0.78)**	(13.43)
	Mahindra Telephonics Integrated Systems Limited	**4.62**	1.88
	Mahindra Emirates Vehicle Armouring Fz LLC	**16.11**	–

Company has incurred Rs. 55.55 lacs (Last year Rs. 47.83 lacs) for key managerial personnel services provided by Mr. Sukhvinder Hayer- Whole Time Director.

Compensation of key managerial personnel

The remuneration paid to key managerial personnel during the year was as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Managerial Remuneration	**55.55**	47.83

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

It does not include provision for leave salary , post retirement medical benefits and contribution/provision towards gratuity, since the contribution /provision is made for the Company as a whole on actuarial basis.

Sale of goods to related parties were made at the Company arm length price. Purchases were made at market prices.

In addition Company also paid certain shared service charges being an appropriate allocation of costs incurred by relevant related parties.

The amount outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

36. Earnings per share

Particulars	For the year ended March 31, 2017 Per Share (Rs.)	For the year ended March 31, 2016 Per Share (Rs.)
Basic Earnings per share		
From operations	**(0.45)**	(0.56)
Total basic earnings per share	**(0.45)**	(0.56)
Diluted Earnings per share		
From operations	**(0.45)**	(0.56)
Total diluted earnings per share	**(0.45)**	(0.56)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(loss) for the year -in Rs. lacs	**(878.71)**	(924.00)
Profit/(loss) used in the calculation of basic earnings per share from its operations- in Rs. lacs	**(878.71)**	(924.00)
Weighted average number of equity shares used in the calculation of Basic EPS	**193,794,521**	166,035,519
Earnings per share from its operations - Basic	**(0.45)**	(0.56)

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(loss) for the year -in Rs. lacs	**(878.71)**	(924.00)
Profit/(loss) used in the calculation of diluted earnings per share from operations- in Rs. lacs	**(878.71)**	(924.00)
Weighted average number of equity shares used in the calculation of Diluted EPS	**193,794,521**	166,035,519
Earnings per share from its operations - Diluted	**(0.45)**	(0.56)

37. Capital management

The Company manages its capital to ensure the Company's ability to continue as going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company uses operational cash flows, equity and short term borrowings to meet its capital requirement.

The Company is not subject to externally enforced capital regulation.

The management of the Company reviews the capital structure of the Company on regular basis. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The following table summarises the capital of the Company :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Share Capital	**21,900.00**	17,900.00	16,600.00
Equity reserves	**(9,872.56)**	(8,998.66)	(8,067.08)
Total Equity	**12,027.44**	8,901.34	8,532.92

Disclosure and Categories of financial instruments

This section provides additional information on balance sheet items that contain financial instruments:-

The following methods and assumptions were used to estimate the fair values :

The following table categorise the financial instruments measured at fair value Companyed into Level 1 to Level 3, as described below.

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

1. Categories of financial assets and financial liabilities

As at March 31, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial assets				
- Security Deposit	8.56	–	–	8.56
- Non-Current Bank balances	638.32	–	–	638.32
- Interest accrued on deposits	7.99	–	–	7.99
Current Assets				
Investment in unquoted non trade mutual funds	–	770.37	–	770.37
Trade Receivables	1,396.08	–	–	1,396.08
Cash and cash equivalents	935.43	–	–	935.43
Other Bank balances	395.25	–	–	395.25
Other Financial assets				
- Security deposit	51.94	–	–	51.94
- Interest accrued on investments	69.32	–	–	69.32
Non-current Liabilities				
Other Financial liabilities				
- Security deposit received	26.76	–	–	26.76
Current Liabilities				
Trade Payables	734.35	–	–	734.35
Other Financial liabilities				
- Creditors for capital supplies/ services	92.96	–	–	92.96

As at March 31, 2016

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial assets				
- Security Deposit	8.71	–	–	8.71
- Non-Current Bank balances	300.00	–	–	300.00
Current Assets				
Trade Receivables	261.85	–	–	261.85
Cash and cash equivalents	1,471.60	–	–	1,471.60
Other Bank balances	307.08	–	–	307.08
Other Financial assets				
- Security Deposit	3.13	–	–	3.13
- Interest accrued on investments	52.32	–	–	52.32
- Unbilled Revenue	48.40	–	–	48.40
- Insurance Receivable	6.62	–	–	6.62
Non-current Liabilities				
Other Financial liabilities				
- Security deposit received	26.76	–	–	26.76
Current Liabilities				
Trade Payables	766.07	–	–	766.07
Other Financial liabilities				
- Short term Deposits received	2.00	–	–	2.00
- Creditors for capital supplies/ services	398.45	–	–	398.45

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			As at April 1, 2015	
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other Financial assets				
- Security Deposit	8.66	–	–	8.66
- Non-Current Bank balances	300.00	–	–	300.00
Current Assets				
Investment in unquoted non trade mutual funds	–	221.20	–	221.20
Trade Receivables	603.05	–	–	603.05
Cash and cash equivalents	2,229.84	–	–	2,229.84
Other Bank balances	12.57	–	–	12.57
Other Financial assets				
- Security Deposit	11.79	–	–	11.79
- Interest accrued on investments	24.77	–	–	24.77
Non-current Liabilities				
Other Financial liabilities				
- Security deposit received	26.76	–	–	26.76
Current Liabilities				
Trade Payables	341.09	–	–	341.09
Other Financial liabilities				
- Short term Deposits received	10.68	–	–	10.68
- Creditors for capital supplies/ services	15.09	–	–	15.09

Financial Risk Management Framework -

The Company's finance department monitors and manages the financial risks relating to the operations of the Company. These risks include market risk including currency risk, credit risk and liquidity risk.

The Company manages risk through finance department, which evaluates and exercises independent control over the entire process of market risk management. The Company operates a risk management policy and a program that that performs close monitoring of and responding to each risk factors which includes management of cash resources and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

CREDIT RISK

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled and are reviewed and approved by the management of the Company.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in mutual funds, trade receivables and loans and advances. The credit risk on liquid funds and fixed deposits is limited because the counterparties are banks/Big Mutual fund houses with high credit-ratings assigned by domestic credit-agencies.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date.

The loss allowance for doubtful debts is determined as follows:

			As at March 31, 2017	
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	–	–	–	–
Gross carrying amount	32.57	1,350.92	12.59	1,396.08
Loss allowance for doubtful debts	–	–	–	–

			As at March 31, 2016	
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	–	–	–	–
Gross carrying amount	46.46	202.88	12.51	261.85
Loss allowance for doubtful debts	–	–	–	–

			As at April 1, 2015	
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	–	–	–	–
Gross carrying amount	–	590.39	12.66	603.05
Loss allowance for doubtful debts	–	–	–	–

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
March 31, 2017				
Trade Payables	734.35	–	–	–
Other Financial liabilities	92.96	26.76	–	–
Total	**827.31**	**26.76**	**–**	**–**
March 31, 2016				
Trade Payables	766.07	–	–	–
Other Financial liabilities	400.45	26.76	–	–
Total	**1,166.52**	**26.76**	**–**	**–**
April 1, 2015				
Trade Payables	341.09	–	–	–
Other Financial liabilities	25.77	–	26.76	–
Total	**366.86**	**–**	**26.76**	**–**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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MARKET RISK

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/liquidity which impact returns on investments.

Market risk exposures are measured using sensitivity analysis.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Commodity price risk

Commodity price risk is the possibility of impact from changes in the price of commodities, such as BP steel, BP glasses, Run flat systems etc., used in production of armoured vehicles.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

				in Nos
Particulars	**Currency**	**March 31, 2017**	March 31, 2016	April 1, 2015
Trade Receivables	USD	**197,397**	70,474	–
Trade Payables	USD	**123,525**	145,784	–
	EUR	**9,001**	38,808	31,000
	GBP	**8,573**	409	3,086

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD ,GBP and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	**Change in rate**	**Effect on profit before tax**
March 31, 2017	USD	+10%	4.66
	USD	-10%	(4.66)
	EUR	+10%	(0.63)
	EUR	-10%	0.63
	GBP	+10%	(0.70)
	GBP	-10%	0.70
March 31, 2016	USD	+10%	(5.09)
	USD	-10%	5.09
	EUR	+10%	(2.94)
	EUR	-10%	2.94
	GBP	+10%	(0.04)
	GBP	-10%	0.04

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

38. Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	**Fair value as at**			**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
	March 31, 2017	March 31, 2016	April 1, 2015				
Financial assets							
Investments				Level 1	Published NAV value by MF Houses		
1) Mutual fund investments	**770.37**	–	221.20				
Total financial assets	**770.37**	–	**221.20**				

Fair value of financial assets and financial liabilities that are not measured at fair value

	March 31, 2017		March 31, 2016		April 1, 2015	
Particulars	**Carrying amount**	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	**1,396.08**	**1,396.08**	310.25	310.25	603.05	603.05
– deposits and similar assets	**121.26**	**121.26**	62.07	62.07	36.56	36.56
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	**854.08**	**854.08**	1,193.28	1,193.28	393.62	393.62
Total	**2,371.42**	**2,371.42**	1,565.60	1,565.60	1,033.23	1,033.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

	Fair value hierarchy as at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	1,396.08	–	1,396.08
– deposits and similar assets	–	121.26	–	121.26
Total	–	1,517.34	–	1,517.34
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	854.08	–	854.08
Total	–	854.08	–	854.08

	Fair value hierarchy as at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	310.25	–	310.25
– deposits and similar assets	–	62.07	–	62.07
Total	–	372.32	–	372.32
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	1,193.28	–	1,193.28
Total	–	1,193.28	–	1,193.28

	Fair value hierarchy as at April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	603.05	–	603.05
– deposits and similar assets	–	36.56	–	36.56
Total	–	639.61	–	639.61
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	393.62	–	393.62
Total	–	393.62	–	393.62

39. The Company, inter alia, is into the business of bullet proofing and fabrication of vehicles. It carries out such work on vehicles that are either registered in the name of its customers or which are yet to be registered in the name of customers and hence are unregistered.

Up to 31st December 2011, the Company treated the work carried out on registered vehicles as job work and paid Works Contract tax on them while in respect of unregistered vehicles, since work was performed by the Company prior to their sales, it was considered as manufacture and excise duty was paid on them. However, in the year 2012, the Company was legally advised that the determination of the taxes payable should not to be based on whether the work is carried out on registered or unregistered vehicles, but on the basis of the actual nature of work performed on the vehicles. On this basis, the Company was advised, that certain activities of the company are classifiable as 'Services' which will attract Service tax and certain others as 'Manufacture' on which Excise duty is payable. Although, the Company had good reasons to believe that its practices as above were right, as a matter of abundant caution, it had changed over to a revised method of paying Excise duty and Service tax with effect from 1st January 2012. Further, based on its revised practice, it had provided for the possible exposure of service tax amounting to Rs. 70.28 lacs for the period upto 31st December 2011 as per the revised method to be deposited on receipt of clarification sought from the concerned authorities.

In the year 2013, the concerned tax authorities had taken up the matter and after reviewing the activities carried out by the Company, had concluded that all the activities are in the nature of Manufacture and raised an excise duty demand cum show cause notice on the Company. Based thereon, the Company is paying except in case of one product where it has, based on legal advice, submitted to the concerned authorities that the activity performed by it is not in the nature of manufacturing activity and involves rendering of services on which service tax is payable. The management is confident of matter being resolved in its favour and has decided not to pay service tax amounting to Rs. 70.28 lacs pertaining to the period till 31st December 2011 provided for in the year 2012 till further response is received from the concerned tax authorities. The amount is fully provided in the books of accounts including interest for delayed payments.

40. The details of disputed excise duty as on March 31, 2017 which have not been deposited are as follows:

Name of the statute	Nature of duties	Forum where pending	Amount demanded in Rs. lacs*	Amount paid under protest in Rs. lacs	Period to which amount relate
Central Excise Act	Excise duty	CESTAT	1,295.26	244.06	2010-2016

*Amount as per demand orders including interest and penalty wherever indicated in the order.

41. As per the notification of Ministry of Corporate Affairs (MCA) dated March 30, 2017, the details in respect of specified bank notes (SBN) is

Particulars	SBN	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	0.41	–	0.41
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Rs. lacs unless otherwise stated

Particulars	SBN	Other Denomination notes	Total
(-) Amount Deposited in Banks	0.41	–	0.41
Closing cash in hand as on December 30, 2016	–	–	–

42. First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP		8,900.88	8,531.68
		–	–
Ind AS: Adjustments increase (decrease):		–	–
Fair value adjustment on ESOPS	(d)	(0.19)	–
Fair value adjustment on warranty	(a)	0.65	1.24
Equity as reported under IND AS		**8,901.34**	8,532.92

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	Notes	Year Ended March 31, 2017
Profit or Loss as per previous GAAP		**(930.80)**
Ind AS: Adjustments increase (decrease):		
Fair value adjustment on warranty	(a)	**(0.59)**
Fair value adjustment on ESOPS	(d)	**(0.19)**
Remeasurement of defined benefit obligations recognised in other comprehensive income under IND-AS	(b)	**7.58**
Total adjustment to profit or loss		**6.80**
Profit or Loss under Ind AS		**(924.00)**
Other comprehensive income-Remeasurement of defined benefit obligations	(b)	**(7.58)**
Total comprehensive income under Ind ASs		**(931.58)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

Analysis of cash and cash equivalents as at March 31, 2016 and April 1, 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	**1,778.68**	2,242.41
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	**1,778.68**	2,242.41

(a) Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The Company has discounted the provisions to present value at the reporting dates resulting in the provisions being decreased by Rs. 0.65 lacs as at March 31, 2016 (Rs. 1.24 lacs as at April 1, 2015). Consequently , the unwinding of discount has been recognised as a finance cost i.e. Rs. 0.59 lacs for the year ended March 31, 2016. The net effect of these changes is an increase in total equity as at March 31, 2016 of Rs. 0.65 lacs (Rs. 1.24 lacs as at April 1, 2015), and increase in loss of Rs. 0.59 lacs for the year ended March 31, 2016.)

(b) Under previous GAAP , actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income. The actuarial gains for the year ended March 31, 2016 were Rs. 7.58 lacs. This change does not affect total equity, but there is decrease in loss of Rs. 7.58 lacs for the year ended March 31, 2016.

(c) Under previous GAAP , revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately under other expenses. The change does not effect total equity as at April 1, 2015 and March 31, 2016, total loss for the year ended March 31, 2016.

(d) Under previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the option as on the grant date. The change results in decrease of total equity by Rs. 0.19 lacs and increase in loss by Rs. 0.19 lacs for the year ended March 31, 2016.

(e) Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

43. Research and development expenditure

(i) Debited to the statement of profit and loss - Rs 126.70 lacs (previous year Rs. 297.48 lacs) (excluding depreciation and amortisation of Rs. 139.78 lacs) (previous year: Rs. 153.35 lacs)

(ii) Capitalization of assets and development work in progress- Rs. 1,298.17 lacs (previous year: Rs. 2,063.02 lacs)

44. The Company has filed application with Bombay High Court for amalgamation with Mahindra Defence Systems Limited (Holding Company) under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or the Companies Act, 2013 (to the extend notified and applicable). The appointed date of amalgamation has been fixed as January 1, 2017 or such other date as may be fixed or approved by the Bombay High Court or National Company Law tribunal.

45. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

46. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

47. 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**

S. P. Shukla (Director) DIN : 00007418	**Mukul Verma** (Director) DIN : 02428217	**Jagjeet Singh** (Chief Financial Officer)
Sukhvindar Hayer (Director) DIN : 07272511		**Mili Hitesh Shah** (Company Secretary)

Place : Mumbai
Date : 2nd May, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their fifth report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

FINANCIAL RESULTS **(Rupees in lakhs)**

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Gross Income	**1328.78**	908.26
Less: Excise Duty	**106.52**	70.09
Net Income	**1222.26**	838.17
Profit Before taxation, Depreciation and Amortisation	**(682.78)**	(358.90)
Less: Depreciation /Amortisation	**70.55**	51.82
Profit/(Loss) before taxation	**(753.33)**	(410.72)
Provision for taxation for the year	**–**	(80.68)
Profit/(Loss) for the year after taxation	**(753.33)**	(330.04)
Other Comprehensive Income	**22.33**	1.06
Balance of Profit/(Loss) from earlier years	**(178.91)**	151.13
Balance carried forward	**(932.24)**	(178.91)
Net Worth	**594.29**	1325.29

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the financial year to which financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

The Financial Year 2016-17 was very difficult for your Company due to delay in inspection, tenders not opened and new processes adopted for material accounting and control etc. Nonetheless, with the expectation of overcoming of above difficulties in FY 2017-18 as Company has got new orders, your Company expects a growing business ahead.

Your Company has completed some new projects this year which includes RGB 12, Canopy etc. Recoil System, PBGM, Steering knuckle and QTTM continues to be a product of the company this year also.

Because of the above difficulties your Company has net income of Rs. 1212.46 Lakhs and Loss after Tax of Rs. 753.33 Lakhs.

Dividend

Due to losses incurred in the current year, 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 stood at Rs. 2,500 Lakhs. The issued and paid up share capital of the Company was Rs. 1,503.13 Lakhs comprising of 1,50,31,330 Equity Shares of the face value Rs. 10 each.

Board of Directors

The composition of the Board of Directors is as follows:-

Sr. No.	Name of Director	DIN	Category (Executive/ Non-Executive)	Independent/Non Independent
1.	Mr. S P Shukla, Chairman	00007418	Non-Executive	Non Independent
2.	Rear Admiral Sanjiv Kapoor (Retd.)	07138582	Non-Executive	Independent
3.	Dr. Devi Singh	00015681	Non-Executive	Independent

Sr. No.	Name of Director	DIN	Category (Executive/ Non-Executive)	Independent/Non Independent
4.	Mr. Zhooben Bhiwandiwala	00110373	Non-Executive	Non Independent
5.	Mr. Narayan Shankar	00109111	Non-Executive	Non Independent
6.	Mr. Devendra Bhatnagar, Executive Director	07272516	Executive	Non Independent
7.	Mr. K. Chandrasekar*	01084215	Non-Executive	Non Independent
8.	Mr. Mukul Verma	02428217	Non-Executive	Non Independent

* Resigned with effect from 22nd April, 2016.

Mr. S. P. Shukla (DIN: 00007418), Director, retires by rotation and, being eligible, offer himself for re-appointment at the forthcoming Annual General Meeting.

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.

Declaration by Independent Directors

The Company has received declarations from Rear Admiral Sanjiv Kapoor (Retd.) and Dr. Devi Singh, the Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Number of Meetings

Your Board of Directors met four times during the year under review i.e. on 17th May, 2016, 13th September, 2016, 11th November, 2016 and 1st March, 2017.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. S. P. Shukla, Chairman	4
2.	Dr. Devi Singh	3
3.	Rear Admiral Sanjiv Kapoor (Retd.)	4
4.	Mr. Narayan Shankar	2
5.	Mr. Zhooben Bhiwandiwala	1
6.	Mr. Mukul Verma	4
7.	Mr. Devendra Bhatnagar	4
8.	Mr. K. Chandrasekar	N.A.

Committees of the Board

(A) Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of following members:

1. Rear Adimral Sanjiv Kapoor (Retd.), Chairman
2. Dr. Devi Singh
3. Mr. S. P. Shukla.

The Committee met two times during the year under review i.e. on 17th May, 2016 and 13th September, 2016.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Rear Admiral Sanjiv Kapoor (Retd.), Chairman	2
2.	Dr. Devi Singh, Member	2
3.	Mr. S. P. Shukla, Member	2

(B) Audit Committee

The Audit Committee consists of following members:

1. Dr. Devi Singh, Chairman
2. Rear Adimral Sanjiv Kapoor (Retd.)
3. Mr. Mukul Verma.

The Committee met thrice during the year i.e. on 17th May, 2016, 11th November, 2016 and 1st March, 2017.

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

Sr. No.	Name of Director	No. of Meetings attended
1.	Dr. Devi Singh, Chairman	2
2.	Rear Admiral Sanjiv Kapoor (Retd.), Member	3
3.	Mr. Mukul Verma, Member	2

General Meetings

The fourth Annual General Meeting of the Company was held on 13th September, 2016. During the year under review, an Extra Ordinary General Meeting of the shareholders of the Company was held on 4th November, 2016.

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 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.

Meeting of Independent Directors

One meeting of the Independent Directors of the Company was held on 16th December, 2016 without the presence of the Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The above 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(3)(c) 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 31st March, 2017 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

Mr. Saurabh Gupta continued as the Chief Financial Officer of the Company. Ms. Vidhi Devani resigned as a Company Secretary w.e.f. close of business hours on 31st March, 2017. Mr. Yatish Sharma is appointed as a Company Secretary w.e.f. 2nd May, 2017. Mr. Devendra Bhatnagar continues as a Whole Time Director designated as an "Executive Director" 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 form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks 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 risks and enabling the Company to manage the same, if confronted with.

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.

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.

Statutory Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W), the Auditors of the Company, were reappointed as Auditors of the Company to hold office from the conclusion of 3rd Annual General Meeting ("AGM"), until the conclusion of the 8th consecutive AGM of the Company to be held in the year 2020. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming AGM and fix their remuneration.

The Auditors' Report contain an adverse remark on the material weakness identified in the Company's internal financial control over financial reporting as at 31st March, 2017 with regard to timely recording of issue of inventories to production, accounting of consumption and reconciliation and adjustments of discrepancies noted on physical verification of inventories. A complete reconciliation of these balances have been carried out subsequent to the balance sheet date and appropriate rectification entries have recorded as at 31st March, 2017.

The provisions relating to submission of Secretarial Audit Report are not applicable to your Company.

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.

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 an 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 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. There were no deposits which are not in compliance with requirement of chapter V of the 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 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 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. There are no transactions which are required to be disclosed in Form AOC – 2.

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 31st March, 2017 in Form No. MGT 9 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 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

S. P. Shukla — Director

Devendra Bhatnagar — Executive Director

Mumbai,

28th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

I. 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 Defence Naval Systems Private 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:

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 the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be finalized/revised either by any Director or such other person as may be authorized 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. The relationship of their remuneration to performance shall be clear and shall meet the appropriate performance benchmarks.

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.

II. 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 DEFENCE NAVAL SYSTEMS PRIVATE 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 sprit 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 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 or 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 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 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 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 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 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

S. P. Shukla Director

Devendra Bhatnagar Executive Director

Mumbai,

28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

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) – **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)***

Total Foreign Exchange Earned and Used: **(Rupees in Lakhs)**

	For the Financial Year ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	3.95	Nil
Total Foreign Exchange Used	4.42	4.10

For and on behalf of the Board

S P Shukla
Director

Devendra Bhatnagar
Executive Director

Mumbai,

28th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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**	U75144MH2012PTC231267
2.	**Registration Date**	18th May 2012
3.	**Name of the Company**	Mahindra Defence Naval Systems Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by Shares/Indian Non Government Company
5.	**Whether listed Company (Yes/No)**	No
6.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel no. : 040-67162222 to 24 , Fax no. 040-23001153

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.	Finished Products supplied to Govt Agencies	25200	61.73

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 Defence Systems Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U75220MH2012PLC233889	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	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a. Individual/ HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	1,50,31,329	1	1,50,31,330	100	1,50,31,329	1	1,50,31,330	100	–
e. Bank/ FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**–**
2. Foreign									
a. NRI-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. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/ FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**NIL**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/ FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**1,50,31,329**	**1**	**1,50,31,330**	**100**	**–**

Note: There is no change in the number of shares held by the promoter companies.

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 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 Defence Systems Limited	1,50,31,329	100	0	1,50,31,329	100	0	0
2.	Mr. Narayan Shankar (Nominee of Mahindra Defence Systems Limited)	1	0	0	1	0	0	0
	Total	**1,50,31,330**	**100**	**0**	**1,50,31,330**	**100**	**0**	**0**

iii. 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		Cumulative shareholding during 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		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
–	–	–	–	–	–

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
Indebtedness at the beginning of the financial year				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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	
		Mr. Devendra Bhatnagar (Executive Director)	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	14.45	14.45
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	11.91	11.91
	(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 Provident Fund & other Funds	–	–
	Performance Bonus	8.69	8.69
	Total (A)	**35.05**	**35.05**
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

I. Independent Directors :- (Rs. In Lakhs)

Particulars of Remuneration	Name of Directors		Total
	Rear Admiral Sanjiv Kapoor (Retd.)	Devi Singh	
Fee for attending board committee meetings	1.70	1.40	3.10
Commission	–	–	–
Others	–	–	–
Total (1)	**1.70**	**1.40**	**3.10**

II. Other Non-Executive Directors :- NIL

Other Non-Executive Directors							Total Amount (Rs. In Lakhs)
Fee for attending board committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–	–
Total Managerial Remuneration	–	–	–	–	–	–	–
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

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. In Lakhs)
		Saurabh Gupta, CFO	Vidhi Devani, CS	
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	2.08	2.40	4.48
5.	Others, please specify Contribution to Provident Fund	–	–	–
6.	**Others**	**2.08**	**2.40**	**4.48**
	Performance Bonus	–	–	–
	Total (C)	**2.08**	**2.40**	**4.48**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

For and on behalf of the Board

S. P. Shukla
Director

Devendra Bhatnagar
Executive Director

Mumbai,

28th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA DEFENCE NAVAL SYSTEMS PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Defence Naval Systems Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us in terms of our report is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the Other Matters paragraph above we report, to the extent applicable that:

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.

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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of

Section 164(2) of the Act.

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 a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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:

The Company disclosed the impact of pending litigations on its financial position in its IND AS financial statements – Refer note –30 to the financial statements.

The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

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)

Sunil S Kothari
Partner
Membership No. 208238

Place: Gurgaon
Date: 28th April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' 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 Defence Naval Systems Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 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 qualified 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.

Basis for Qualified opinion

According to the information and explanations given to us and based on our audit, material weakness has been identified in the Company's internal financial controls over financial reporting as at March 31, 2017 with regard to timely recording of issue of inventories to production, accounting of consumption and reconciliation and adjustments of discrepancies noted on physical verification of inventories. These could potentially result in material misstatements in the Company's trade payables, consumption, inventory and expense account balances. A complete reconciliation of these balances have been carried out subsequent to the balance sheet date and appropriate rectification entries have recorded as at March 31, 2017.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Ind AS financial statements of the Company for the year ended March 31, 2017, and the material weakness does not affect our opinion on the said Ind AS financial statements of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117365W)

Sunil S Kothari
Partner
Membership No. 208238

Place: Gurgaon
Date: 28th April, 2017

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 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 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 3(i)(c) of the Order is not applicable to the Company.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and discrepancies noted were appropriately adjusted in the books of account. Also refer "Qualified Opinion" as mentioned in our report on the Internal Controls over Financial Reporting in the ANNEXURE "A".

(ii) 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 and hence reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits hence reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the act.

(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, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended March 31, 2017.

(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 March 31, 2017 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 March 31, 2017 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.)	Amount Paid (Rs.)	Amount not Provided For (Rs.)
The Central Excise Act, 1944	Excise Duty	Office of the Commissioner of Central Excise	March 2011 to May 2012	2,194,557	1,511,420	683,137

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 taken any loan from financial institutions or Government.

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 3(ix) of the Order is not applicable to the Company.

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.

The Company is a private company and hence the provisions of section 197 of the act, do not apply to the Company.

The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

The Company is a private company and hence the provisions of section 177 of the act are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with section 188

of the act, for transactions with the related parties and details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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 3(xiv) of the Order is not applicable to the Company.

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 to the Company.

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)

Sunil S Kothari
Partner
Membership No. 208238

Place: Gurgaon
Date: 28th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Amount in INR Lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1. Non-current assets				
(a) Property, Plant and Equipment	**2**	**401.86**	413.02	362.03
(b) Intangible assets	**3**	**7.08**	9.44	–
(c) Other non current assets	**4 (a)**	**–**	21.98	22.94
(d) Non current tax Assets	**4 (b)**	**11.04**	10.15	8.49
(e) Deferred tax assets (net)	**5**	**85.16**	85.16	4.95
Total Non-current Assets		**505.14**	539.75	398.41
2. Current assets				
(a) Inventories	**6**	**549.14**	687.12	393.97
(b) Financial Assets				
(i) Investments	**7**	**–**	–	123.47
(ii) Trade receivables	**8**	**534.03**	650.46	776.50
(iii) Cash and cash equivalents	**9**	**0.18**	0.61	180.34
(iv) Other financial assets	**10**	**54.23**	54.23	54.23
(c) Other current assets	**4 (a)**	**67.25**	40.70	94.63
Total Current Assets		**1,204.83**	1,433.12	1,623.14
Total Assets		**1,709.97**	1,972.87	2,021.55
EQUITY & LIABILITIES				
1. Equity				
(a) Equity Share capital	**11**	**1,503.13**	1,503.13	1,503.13
(b) Other Equity	**1 (b)**	**(908.84)**	(177.84)	151.13
Total Equity		**594.29**	1,325.29	1,654.26
LIABILITIES				
2. Non current liabilities				
(a) Provisions	**12**	**77.61**	81.39	65.34
Total Non-current Liabilities		**77.61**	81.39	65.34
3. Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	**13**	**550.88**	459.85	252.46
(ii) Borrowings	**14**	**258.85**	71.71	–
(iii) Other financial liabilities	**15**	**0.63**	3.96	4.12
(b) Other current liabilities	**16**	**212.21**	17.30	25.09
(c) Provisions	**12**	**15.50**	13.37	20.28
Total Current Liabilities		**1,038.07**	566.19	301.95
Total Equity & Liabilities		**1,709.97**	1,972.87	2,021.55

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

Sunil S. Kothari
Partner

Date: 28th April, 2017
Place: Gurgaon

For and on behalf of the Board of Directors

S. P. Shukla	(Director)	DIN : 00007418
Devendra Bhatnagar	(Executive Director)	DIN : 07272516
Mukul Verma	(Director)	DIN : 02428217
Saurabh Gupta	(Chief Financial Officer)	
Yatish Sharma	(Company Secretary)	

Date: 28th April, 2017
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR Lakhs)

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	17	**1,318.98**	895.92
II	Other income	18	**9.80**	12.34
III	**Total revenue (I + II)**		**1,328.78**	908.26
IV	**Expenses**			
	(a) Cost of materials consumed	19	**689.44**	445.58
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade	20	**151.95**	(188.56)
	(c) Excise duty on sale of goods		**106.52**	70.09
	(d) Employee benefits expenses	21	**392.45**	293.66
	(e) Finance costs	22	**26.16**	0.41
	(f) Depreciation and amortisation expenses	2 & 3	**70.55**	51.82
	(g) Other expenses	23	**645.04**	645.98
	Total expenses (IV)		**2,082.11**	1,318.98
V	**Profit / (Loss) before exceptional item and tax (III - IV)**		**(753.33)**	(410.72)
VI	**Tax expense**			
	Deferred tax charge/(benefits)		**–**	(80.68)
	Total tax expense (VI)		**–**	(80.68)
VII	**Profit / (Loss) after tax from continuing operations (V - VI)**		**(753.33)**	(330.04)
VIII	**Other Comprehensive Income**			
	A. (i) Items that will not be reclassified to Profit and Loss			
	(a) Remeasurement of the defined benefit liabilities		**(22.33)**	(1.55)
	A. (i) Income tax relating to items that will not be reclassified to Profit and Loss		**–**	0.48
	Total Other comprehensive income		**(22.33)**	(1.06)
IX	**Total Comprehensive Income (VII + VIII)**		**(731.00)**	(328.96)
X	Earning per share (Face value of Rs. 10 per share) (in Rs.)	29		
	– Basic		**(5.01)**	(2.20)
	– Diluted		**(5.01)**	(2.20)

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

Sunil S. Kothari
Partner

Date: 28th April, 2017
Place: Gurgaon

For and on behalf of the Board of Directors

S. P. Shukla	(Director)	DIN : 00007418
Devendra Bhatnagar	(Executive Director)	DIN : 07272516
Mukul Verma	(Director)	DIN : 02428217
Saurabh Gupta	(Chief Financial Officer)	
Yatish Sharma	(Company Secretary)	

Date: 28th April, 2017
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash flows from operating activities		
Profit before tax	**(753.33)**	(410.72)
Adjustments for:		
Interest income on deposits	**(0.23)**	(1.76)
Depreciation and amortisation expenses	**70.55**	51.82
Profit/Loss on sale of PPE	**(0.21)**	–
Loss on sale of fixed assets / discarded	**–**	0.88
Provisions no longer required, written back	**(7.77)**	(6.14)
Dividend income on unquoted non trade current investments	**–**	(4.10)
Finance costs	**26.16**	0.41
Operating profit before working capital changes	**(664.83)**	(369.60)
Movement in working capital:		
(Increase)/decrease Trade Receivables	**116.43**	126.05
(Increase)/decrease Loans and advances	**(26.55)**	53.92
(Increase)/decrease Inventories	**137.98**	(293.15)
Increase/(decrease) Trade Payables	**91.03**	207.40
Increase/(decrease) Provisions & Other liabilities	**223.36**	21.14
Cash flows from operation	**(122.57)**	(254.24)
Direct taxes paid	**(0.89)**	(13.77)
Net cash flows from operating activities (A)	**(123.46)**	(268.01)
B. Cash flows from investing activities		
Purchase of plant, property and equipment including capital advances	**(38.44)**	(112.39)
Sale of plant, property and equipment	**0.27**	0.05
Sale/(Purchase) of current investments	**–**	123.47
Interest received	**0.23**	1.76
Dividend received	**–**	4.10
Net cash flows from investing activities (B)	**(37.94)**	16.99
C. Cash flows from financing activities		
Proceeds / (repayment) of short term borrowings	**187.13**	71.71
Finance Cost	**(26.16)**	(0.41)
Net cash flows from financing activities (C)	**160.97**	71.30
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(0.43)**	(179.72)
Cash and cash equivalents at the beginning of the year	**0.61**	180.34
Cash and cash equivalents at the end of the year	**0.18**	0.62
Cash and cash equivalents at the end of the year comprise of:		
Cash and cash equivalents	**0.09**	0.51
Other bank balances	**0.09**	0.10
Cash and cash equivalents (Refer Note 9)	**0.18**	0.61

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

Sunil S. Kothari
Partner

Date: 28th April, 2017
Place: Gurgaon

For and on behalf of the Board of Directors

S. P. Shukla	(Director)	DIN : 00007418
Devendra Bhatnagar	(Executive Director)	DIN : 07272516
Mukul Verma	(Director)	DIN : 02428217
Saurabh Gupta	(Chief Financial Officer)	
Yatish Sharma	(Company Secretary)	

Date: 28th April, 2017
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

(Amount in INR Lakhs)

Particulars	Number of Shares	Equity Share Capital
Issued & Paid up capital as at 1st April, 2015	15,031,330	1,503.13
Changes in Equity Share Capital during the year	–	–
Balance at 31st March, 2016	15,031,330	1,503.13
Issued & Paid up capital as at 1st April, 2016	15,031,330	1,503.13
Balance at 1st April, 2016	15,031,330	1,503.13
Changes in Equity Share Capital during the year	–	–
Balance at 31st March, 2017	**15,031,330**	**1,503.13**

b. Other Equity

(Amount in INR Lakhs)

Particulars	Reserves & Surplus	Items of other comprehensive income		Total
	Retained earnings	Actuarial Gain / (Loss)	Deferred tax on other comprehensive income	
Balance at April 1, 2015	151.13	–	–	151.13
Profit for the year	(330.04)			(330.04)
Remeasurement of the defined benefit liabilities	–	1.55	(0.48)	1.06
Balance at March 31, 2016	(178.91)	1.55	(0.48)	(177.84)
Balance at April 1, 2016	(178.91)	1.55	(0.48)	(177.84)
Profit for the year	(753.33)			(753.33)
Remeasurement of the defined benefit liabilities		22.33	–	22.33
Balance at March 31, 2017	**(932.24)**	**23.88**	**(0.48)**	**(908.84)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1a. General Information

Mahindra Defence Naval Systems India Limited (the Company) is engaged in the manufacturing and selling of launchers and other components meant for defence purposes which are primarily used by Navy. The registered office of the Company is in Mumbai and manufacturing facility in Pune.

1b. Basis of preparation and presentation

1b.1 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 33 for the details of first-time adoption exemptions availed by the Company.

1b.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1b.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization 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.

1c. Significant Accounting Policies

1c.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Dividend and interest income

Dividend income from investments is recognized when 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 recognised 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.

1c.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1c.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1c.4 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1c.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

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 annual 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 net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies 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.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1c.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised 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 is recognised, subject to the consideration of prudence on timing differences, being the Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 liabilities and assets 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

1c.7 Property, plant and equipment

The cost of fixed assets includes incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful prescribed in Schedule II to the Companies Act, 2013 other than certain plant and equipment which are depreciated over a period of 1-8 years and vehicles which are depreciated over a period of 5 years.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1c.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from 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, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on product design and prototypes incurred are amortised on a straight line method over a period of 5 years and 3-5 years respectively.

1c.9 Impairment of tangible and intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

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 of disposal 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.

When 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1c.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads and where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1c.11 Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

Warranties

The estimated liability for product warranties is recorded on the products sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

1c.12 Financial instruments

Financial assets and financial liabilities are recognised when company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

1c.13 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any financial instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

De-recognition of financial assets

The Company derecognises a financial asset 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 party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1c.14 Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised 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, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

1c.15 First-time adoption - mandatory exceptions, optional exemptions

Overall principle

The company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

1d. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 1c, the management of the Company are required to make judgements, 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 recognised 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 areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Note No. 2 - Tangible Assets

(Amount in INR Lakhs)

Description of Assets	Building	Computers	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Balance as at 1st April, 2016	–	20.49	387.88	13.32	69.08	65.94	556.72
Additions	30.12	5.69	21.25	0.03	–	–	57.09
Disposals	–	0.80	–	–	–	–	0.80
Balance as at 31st March, 2017	**30.12**	**25.39**	**409.13**	**13.35**	**69.08**	**65.94**	**613.01**
II. Accumulated depreciation for the year 2016-2017							
Balance as at 1st April, 2016	–	9.84	86.20	5.51	19.66	22.49	143.70
Depreciation / amortisation expense for the year	1.28	5.97	40.58	1.36	6.99	12.01	68.19
Eliminated on disposal of assets	–	0.74	–	–	–	–	0.74
Balance as at 31st March, 2017	**1.28**	**15.08**	**126.78**	**6.87**	**26.65**	**34.50**	**211.15**
Net block (I-II)							
Balance as on 31st March 2017	**28.85**	**10.31**	**282.35**	**6.47**	**42.43**	**31.44**	**401.86**
Balance as on 31st March 2016	–	10.65	301.68	7.81	49.42	43.45	413.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR Lakhs)

Description of Assets	Building	Computers	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Balance as at 1st April, 2015	–	17.15	335.44	13.14	61.16	31.94	458.83
Additions	–	3.35	52.44	0.18	7.93	37.49	101.38
Disposals	–	–	–	–	–	(3.49)	(3.49)
Balance as at 31st March, 2016	–	20.49	387.88	13.32	69.08	65.94	556.72
II. Accumulated depreciation for the year 2015-2016							
Balance as at 1st April, 2015	–	5.20	60.58	2.90	12.99	15.11	96.80
Depreciation / amortisation expense for the year	–	4.64	25.62	2.60	6.67	9.93	49.46
Eliminated on disposal of assets	–	–	–	–	–	2.56	2.56
Balance as at 31st March, 2016	–	9.84	86.20	5.51	19.66	22.49	143.70
Net block (I-II)							
Balance as on 31st March 2016	–	10.65	301.68	7.81	49.42	43.45	413.02
Balance as at 1st April, 2015	–	11.95	274.86	10.24	48.16	16.82	362.03

Notes:

1. Company has remeasured cost in accordance with Ind AS 16 for Property, Plant and Equipment by removing cost not eligible for capitalisation under Ind AS.
2. The company has not given any operating assets nor taken any assets on finance lease.

Note No. 3 - Intangible Assets

(Amount in INR Lakhs)

Description of Assets	Software	Total
I. Gross Block		
Balance as at 1 April, 2016	11.80	11.80
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2017	**11.80**	**11.80**
II. Accumulated depreciation and impairment for the year 2016-2017		
Balance as at 1 April, 2016	2.36	2.36
Depreciation / amortisation expense for the year	2.36	2.36
Balance as at 31 March, 2017	**4.72**	**4.72**
Net block (I-II)		
Balance as on 31st March 2017	**7.08**	**7.08**
Balance as on 31st March 2016	9.44	9.44

(Amount in INR Lakhs)

Description of Assets	Software	Total
I. Gross Block		
Balance as at 1st April, 2015	–	–
Additions	11.80	11.80
Disposals	–	–
Balance as at 31 March, 2016	11.80	11.80
II. Accumulated depreciation and impairment for the year 2015-2016		
Balance as at 1 April, 2015	–	–
Depreciation / amortisation expense for the year	2.36	2.36
Balance as at 31 March, 2016	2.36	2.36
Net block (I-II)		
Balance as on 31st March, 2016	9.44	9.44
Balance as at 1st April, 2015	–	–

Note No. 4 (a) - Other Assets

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Unsecured, Considered good						
Balance with government authorities						
– CENVAT credit receivable	**6.96**	**–**	8.69	–	0.51	–
– VAT credit receivable	**5.55**	**–**	(0.00)	–	0.00	–
– Service Tax credit receivable	**8.44**	**–**	11.53	–	3.46	–
Capital advances	**–**	**–**	–	21.98	–	22.94
Prepaid expenses	**3.09**	**–**	2.60	–	1.89	–
Advance to supplier	**40.04**	**–**	17.88	–	88.73	–
Advance to Employees	**3.17**	**–**	–	–	0.04	–
Total Assets	**67.25**	**–**	40.70	21.98	94.63	22.94

Note No. 4 (b) - Other Tax Assets

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Advance Income tax	**–**	**11.04**	–	10.15	–	8.49
Total Assets	**–**	**11.04**	–	10.15	–	8.49

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 5 - Deferred tax assets (net)

(a) Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.

(b) The Company has carried out its tax computation in accordance with the IND-AS 12. In view of absence of certainty of realisation of unabsorbed tax losses, no deferred tax asset has been recognised in the current year. Major components of deferred tax assets / liabilities are as follows:

(Amount in INR Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liability on			
Property, plant and equipment and intangible assets	**(24.33)**	(27.32)	(21.86)
Deferred tax asset on			
Provision for Employee Benefits, section 40(a) etc.	**28.83**	29.90	22.71
Unabsorbed depreciation and brought forward business losses	**76.56**	78.48	–
Mat Credit	**4.10**	4.10	4.10
Net Deferred tax Asset/(Liability)	**85.16**	85.16	4.95

Note No. 6 - Inventory

(Amount in INR Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	**261.58**	232.10	161.15
Work in progress	**227.44**	379.39	190.83
Stores and Spares	**29.03**	50.43	39.02
Loose tools	**31.09**	25.20	2.97
Total Inventories at the lower of cost and net realisable value	**549.14**	687.12	393.97

All inventories have been pledged (first charge) to secure the borrowings of the Company. Refer note no. 14.

Note No. 7 - Investment

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Qty	Current	Qty	Current	Qty	Current
Investments Carried at:						
Designated as Fair Value Through Profit and Loss						
Units of ICICI Prudential Money Market Fund - Regular Plan - Daily Growth	**–**	**–**	–	–	28,745	55.55
Units of Super Insti Growth - Taurus Liquid Fund	**–**	**–**	–	–	4,491	67.92
Total Unquoted Investment	**–**	**–**	–	–	33,236	123.47

Note No. 8 - Trade receivables

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade Receivables						–
Unsecured, considered good	**534.03**	**–**	650.46	–	776.50	–
Total	**534.03**	**–**	650.46	–	776.50	–

Refer Note 25 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

All trade receivables have been pledged (first charge) to secure the borrowings of the Company. Refer note no. 14.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note No. 9 - Cash and cash equivalents

(Amount in INR Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Cash in hand	**0.09**	0.51	0.01
Balance with bank	**0.09**	0.10	180.33
Total cash and cash equivalents	**0.18**	0.61	180.34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 10 - Other Financial Assets

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Security deposits - Unsecured considered good	**54.23**	**–**	54.23	–	54.23	–
	54.23	**–**	54.23	–	54.23	–

Note - 11: Equity Share Capital

(Amount in INR Lakhs)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Authorised:			
25,000,000 Equity shares (March 31, 2016: 25,000,000) of Rs 10 each with voting rights	**2,500.00**	2,500.00	2,500.00
Total	**2,500.00**	2,500.00	2,500.00
Issued, Subscribed and Fully Paid:			
15,031,300 Equity shares (March 31, 2016: 15,031,300) of Rs 10 each with voting rights	**1,503.13**	1,503.13	1,503.13
Total	**1,503.13**	1,503.13	1,503.13

Notes:

(i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

(iii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

(Amount in INR Lakhs)

Particulars		Opening Balance	Fresh Issue	Closing Balance
Year Ended March 31, 2017				
	No. of Shares	**15,031,300**	**–**	**15,031,300**
	Amount in INR Lakhs	**1,503.13**	**–**	**1,503.13**
Year Ended March 31, 2016				
	No. of Shares	15,031,300	–	15,031,300
	Amount in INR Lakhs	1,503.13	–	1,503.13
Year Ended March 31, 2015				
	No. of Shares	15,031,300	–	15,031,300
	Amount in INR Lakhs	1,503.13	–	1,503.13

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries

Particulars	No of Equity Shares with Voting rights
As at March 31, 2017	
Mahindra Defence Systems Limited, the holding company	**15,031,300**
As at March 31, 2016	
Mahindra Defence Systems Limited, the holding company	15,031,300
As at April 01, 2015	
Mahindra Defence Systems Limited, the holding company	15,031,300

(v) Details of shares held by each shareholder holding more than 5% shares:

(Amount in INR Lakhs)

Class of shares / Name of shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Mahindra Defence Systems Limited, the holding company	**15,031,300**	**100%**	15,031,300	100%	15,031,300	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 12 - Provisions

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Provision for employee benefits (Refer Note 24)						
Provision for gratuity	**6.32**	**29.66**	2.87	42.24	0.96	35.66
Provision for Compensated absences	**5.91**	**39.39**	2.37	28.12	0.77	20.91
Provision for post retirement medical benefit	**0.05**	**8.56**	0.36	11.03	0.30	8.77
Provision for tax	**–**	**–**	–	–	12.11	**–**
Provision for warranty	**3.22**	**–**	7.77	–	6.14	**–**
	15.50	**77.61**	13.37	81.39	20.28	65.34

(i) Details of movement in other provisions

(Amount in INR Lakhs)

Particulars	Warranty claims	Total
Balance at April 1, 2015	6.14	6.14
Additional provisions recognised	7.77	7.77
Amounts used during the period	6.14	6.14
Balance at April 1, 2016	7.76	7.76
Additional provisions recognised	3.22	3.22
Amounts used during the period	7.77	7.77
Balance at March 31, 2017	**3.22**	**3.22**

Warranty Claims:

The provision for warranty claims represent managements best estimate of the future outflow of economic benefits that will be required under the groups obligations for warranties under the local sale of goods legislation. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the five-year warranty period for all products sold.

Note No. 13 - Trade payables

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–	–	–
Trade payable - Other than micro and small enterprises						
Creditors for Supplies/Services	**506.72**	**–**	423.03	–	221.67	–
Creditors for accrued wages and salaries	**44.16**	**–**	36.82	–	30.79	–
Total Trade Payables	**550.88**	**–**	459.85	–	252.46	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 25.

Note No. 14 - Borrowings

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Loans repayable on demand						
– From Banks (Unsecured)						
Cash Credit	**258.85**	**–**	71.71	–	–	–
Total Borrowings	**258.85**	**–**	71.71	–	–	–

Secured by first pari-passu charge by way of hypothecation of inventories, book debts and movable properties both present and future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 15 - Other financial Liabilities

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Capital Creditors	**0.63**	**–**	3.96	–	4.12	–
Total Other financial Liabilities	**0.63**	**–**	3.96	–	4.12	–

Note No. 16 - Other Current Liabilities

(Amount in INR Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Advances from customers	**203.19**	**–**	1.54	–	17.11	–
Others -						
Statutory remittances (Contributions to PF, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**9.02**	**–**	15.76	–	7.98	–
Total Other Current Liabilities	**212.21**	**–**	17.30	–	25.09	–

Note No. 17 - Revenue from operations

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products	**1,185.38**	893.63
Sale of services	**131.04**	–
Other operating income	**2.56**	2.29
Revenue from operations	**1,318.98**	895.92

(Amount in INR Lakhs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
(i)	**Sale of products comprises of:**		
	Manufactured goods		
	PBGM	**311.96**	160.34
	RGB60	**280.72**	12.19
	HAPP Spares	**96.40**	118.76
	ACH	**84.46**	106.71
	RGB12	**78.74**	130.62
	Trolley	**67.01**	–
	PBGM Container	**28.69**	13.50
	Battery Body	**25.26**	–
	Cable No 86	**20.96**	–
	BATL Container	**17.67**	2.57
	Blasy Cylinder	**15.31**	–
	BB	**–**	56.94
	Impact Protector	**4.77**	55.47
	Recoil System	**50.24**	50.24
	Others	**103.20**	186.29
	Total - Sale of manufactured goods	**1,185.38**	893.63

(Amount in INR Lakhs)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
(ii)	**Sale of services comprises of:**		
	DL Refurbishment	**62.36**	–
	Capony Installation	**37.85**	–
	GRSE	**26.72**	–
	Others	**4.12**	–
	Total - Sale of services	**131.04**	–
(iii)	**Other operating revenues comprises of:**		
	Scrap Sales	**2.56**	2.29
	Total - Other operating revenue	**2.56**	2.29
	Total Revenue	**1,318.98**	895.92

Note No. 18 - Other Income

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on Bank Deposits	**0.23**	1.76
Profit on sale of PPE	**0.21**	–
Dividend income on unquoted trade current investments	**–**	4.10
Liabilities no longer required written back	**7.77**	6.14
Foreign Exchange Gain	**0.57**	0.34
Other Income	**1.02**	–
	9.80	12.34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 19 - Cost of materials consumed

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Stock	**232.10**	161.15
Add: Purchases	**718.92**	516.53
Less: Closing Stock	**261.58**	232.10
Cost of Material Consumed	**689.44**	445.58

Note No. 20 - Changes in inventories of finished goods and Work in progress

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock		
Opening Work - in - progress	**379.39**	190.83
Closing stock		
Closing Work - in - progress	**227.44**	379.39
	151.95	(188.56)

Note No. 21 - Employee benefits expenses

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages, bonus, etc	**349.67**	251.46
Contribution to provident fund	**17.11**	13.10
Gratuity Expense	**11.48**	9.03
Post retirement medical benefit	**2.98**	3.32
Expense on Employee Stock Option (ESOP) Scheme *	**–**	0.11
Staff welfare	**11.21**	16.64
	392.45	293.66

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

Note No. 22 - Finance cost

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expenses		
Interest on Cash Credit	**26.16**	0.41
	26.16	0.41

Analysis of Interest Expenses by Category

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**26.16**	0.41

Note No. 23 - Other expenses

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores and spare parts	**63.79**	208.38
Contract Labour charges	**119.49**	90.90
Power and fuel	**20.07**	22.38
Rent including lease rent (refer note 30)	**86.22**	82.31
Rates and taxes	**5.20**	2.07
Repairs and maintenance		
Repairs and maintenance-plant and machinery	**5.52**	8.57
Repairs and maintenance-Building	**–**	2.45
Repairs and maintenance-Others	**25.93**	16.65
Auditors' remuneration		
– Statutory audit fee	**8.00**	6.50
– Out of pocket expenses	**–**	0.42
Insurance	**3.87**	5.23
Development & Testing Charges	**26.09**	25.00
Freight Outward	**18.47**	18.65
Shared service charges	**25.03**	21.64
Travelling & Conveyance	**51.01**	40.31
Loss on disposal of PPE	**–**	0.88
Provision for warranty expenses	**3.22**	7.77
Security Service Charges	**14.43**	10.69
Professional Fees	**27.77**	31.67
Director Sitting Fees	**4.48**	1.50
Bank Charges	**41.26**	3.03
Postage & Telecommunication expenses	**4.93**	4.66
Business promotion expenses	**2.47**	18.87
Software Charges	**0.48**	10.87
Liquidated Damage Expenses		–
– Against Current Years Sale	**46.44**	–
– Against Previous Years Sale	**33.33**	–
Miscellaneous expenses	**7.54**	4.59
	645.04	**645.98**

Note No. 24 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 17.11 Lakhs (2016 : Rs. 13.10 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit vests 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, the gratuity is payable irrespective of vesting.

Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Salary Increases

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate

Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate(s)	**7.50%**	7.95%	7.81%
Expected rate(s) of salary increase	**10.00%**	10.00%	10.00%
Medical inflation	**3.00%**	3.00%	3.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2017

(Amount in INR Lakhs)

Particulars	Unfunded Plans Gratuity		Unfunded Plans Post retirement medical	
	March 2017	March 2016	**March 2017**	March 2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**7.90**	6.12	**2.07**	2.51
Past service cost and (gains)/losses from settlements	–	–	–	–
Net interest expense	**3.59**	2.91	**0.91**	0.81
Components of defined benefit costs reconised in profit or loss	**11.48**	9.03	**2.98**	3.32
Remeasurement on the net defined benefit liability				
Actuarial gains and loss arising form changes in demographic assumptions	–	–	–	–
Actuarial gains and loss arising form changes in financial assumptions	**1.77**	(0.47)	**2.33**	–
Actuarial gains and loss arising form experience adjustments	**(18.34)**	(0.08)	**(8.09)**	(1.00)
Components of defined benefit costs recognised in other comprehensive income	**(16.57)**	(0.55)	**(5.76)**	(1.00)
Total	**(5.09)**	8.48	**(2.78)**	2.32
I. Net Asset/ (Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**35.97**	45.11	**8.61**	11.39
2. Fair value of plan assets as at 31st March	–	–	–	–
3. Surplus/(Deficit)	**(35.97)**	(45.11)	**(8.61)**	(11.39)
4. Current portion of the above	**6.32**	2.87	**0.05**	0.36
5. Non current portion of the above	**29.66**	42.24	**8.56**	11.03
II. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**45.11**	36.63	**11.39**	9.06
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	–	–	–	–
3. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**7.90**	6.12	**2.07**	2.51
– Past Service Cost	–	–	–	–
– Interest Expense (Income)	**3.59**	2.91	**0.91**	0.81
4. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actuarial Gain (Loss) arising from:				
i. Demographic Assumptions	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in INR Lakhs)

Particulars	Unfunded Plans Gratuity		Unfunded Plans Post retirement medical	
	March 2017	March 2016	**March 2017**	March 2016
ii. Financial Assumptions	**1.77**	(0.47)	**2.33**	–
iii. Experience Adjustments	**(18.34)**	(0.08)	**(8.09)**	(1.00)
5. Benefit payments	**(4.05)**	–	–	–
6. Others (Specify)	–	–	–	–
7. Present value of defined benefit obligation at the end of the year	**35.97**	45.11	**8.61**	11.39
III. Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	–	–	–	–
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	–	–	–	–
3. Expenses Recognised in Profit and Loss Account				
– Expected return on plan assets	–	–	–	–

(Amount in INR Lakhs)

Particulars	Unfunded Plans Gratuity		Unfunded Plans Post retirement medical	
	March 2017	March 2016	**March 2017**	March 2016
4. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
– Actual Return on plan assets in excess of the expected return	–	–	–	–
– Others (specify)	–	–	–	–
5. Contributions by employer (including benefit payments recoverable)	–	–	–	–
6. Benefit payments	–	–	–	–
7. Fair value of plan assets at the end of the year	–	–		
IV. The Major categories of plan assets				
– List the plan assets by category here	–	–	–	–

VI. Experience Adjustments :

(Amount in INR Lakhs)

		Period Ended				
		March 2017	March 2016	March 2015	March 2014	March 2013
		Gratuity				
1.	Defined Benefit Obligation	**35.11**	45.11	36.63	24.97	8.17
2.	Fair value of plan assets	**–**	–	–	–	–
3.	Surplus/(Deficit)	**(35.11)**	(45.11)	(36.63)	(24.97)	(8.17)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**(18.34)**	(0.08)	(0.26)	(13.01)	–
5.	Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–
		Post retirement medical				
1.	Defined Benefit Obligation	**8.61**	11.39	9.06	6.84	–
2.	Plan assets					
3.	Surplus/(Deficit)	**(8.61)**	(11.39)	(9.06)	(6.84)	–
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**(8.09)**	(1.00)	–	–	–

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.

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amount in INR Lakhs)

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate				
	2017	**0.50%**	**(2.04)**	**2.27**
	2016	0.50%	(2.44)	1.24
Salary growth rate				
	2017	**0.50%**	**2.20**	**(2.00)**
	2016	0.50%	1.20	(2.42)
Medical inflation rate				
	2017	**0.50%**	**(0.52)**	**0.55**
	2016	0.50%	(0.68)	0.64

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	March 31, 2017	March 31, 2016
Within 1 year	**6.32**	2.87
1 - 2 year	**0.61**	16.84
2 - 3 year	**0.64**	0.63
3 - 4 year	**0.75**	0.71
4 - 5 year	**0.78**	0.70
5 - 6 years	**5.98**	4.46
6 years onwards	**20.89**	18.89

(Amount in INR Lakhs)

Particulars	**March 2017**	March 2016	March 2015	March 2014	March 2013
Defined benefit obligation	**35.97**	45.11	8.61	11.39	–
Net asset/(liability)	**(35.97)**	(45.11)	(8.61)	(11.39)	–
Experience Adjustment on actuarial (gain)/loss on plan obligation	**(18.34)**	(0.08)	(0.26)	(13.01)	–

	March 31, 2017	March 31, 2016
Cost of Compensated Absences expensed in Statement of Profit & Loss	**14.79**	8.82

Note No. 25 - Capital management

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.

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. The Companies is to keep net debt to equity ratio within 1:1.5 or 150%

Particulars	**March 31, 2017**	March 31, 2016	April 1, 2015
Borrowings	**258.85**	71.71	–
Less: Cash and Cash Equivalents	**0.07**	0.51	180.24
Less: Bank Balance	**0.10**	0.10	0.10
Net Debt	**258.67**	71.10	(180.34)
Total Equity	**594.29**	1,325.29	1,654.26
Net Debt to Equity Ratio	**44%**	5%	-11%

The Company is not subject to externally enforced capital regulation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Categories of financial assets and financial liabilities

(Amount in INR Lakhs)

	As at March 31, 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets	**–**	**–**	**–**	**–**
Current Assets				
Trade Receivables	**534.03**	**–**	**–**	**534.03**
Cash and cash equivalents	**0.18**	**–**	**–**	**0.18**
Other Financial Assets				**–**
– Security Deposit	**54.23**	**–**	**–**	**54.23**
Non-current Liabilities	**–**	**–**	**–**	**–**
Current Liabilities				
Borrowings	**258.85**	**–**	**–**	**258.85**
Trade Payables	**550.88**	**–**	**–**	**550.88**
Other Financial Liabilities				
– Creditors for capital supplies/services	**0.63**	**–**	**–**	**0.63**

	As at March 31, 2016			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets	–	–	–	–
Current Assets				
Trade Receivables	650.46	–	–	650.46
Cash and cash equivalents	0.61	–	–	0.61
Other Financial Assets				–
– Security Deposit	54.23	–	–	54.23
Non-current Liabilities	–	–	–	–
Current Liabilities				
Borrowings	71.71	–	–	71.71
Trade Payables	459.85	–	–	459.85
Other Financial Liabilities				
– Creditors for capital supplies/services	3.96	–	–	3.96

	As at April 1, 2015			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets	–	–	–	–
Current Assets				
Investment	123.47	–		123.47
Trade Receivables	776.50	–	–	776.50
Cash and cash equivalents	180.34	–	–	180.34
Other Financial Assets				–
– Security Deposit	54.23	–	–	54.23
Non-current Liabilities	–	–	–	–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	252.46	–	–	252.46
Other Financial Liabilities				
– Creditors for capital supplies/services	4.12	–	–	4.12

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is majority dealing with creditworthy counterparties i.e government agencies and big companies with international repute. Company have legible history of bad debts in the past.

Also company has strong system of AR receivable to reduce the risk. Where monthly emails send to marketing to minimise the risk and regular followup is done to realise the debtors.

Trade receivables consist of a number of customers, spread across diverse geographical areas.

The credit risk on liquid funds and Fixed Deposits is limited because the counterparties are banks/Big MF houses with high credit-ratings assigned by domestic credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 March 2017, an amount of INR 98.96 Lakhs (31 March 2016: INR 44.34 Lakhs, 1 April 2015: INR 31.52 Lakhs) is the value of outstanding guarantee.

The customers are basically Government agencies which in majority of the cases which do not default on payment.

The Company provides for specific receivables based on specific events and conditions related to particular debtor (court cases, etc.), which is indicative of impairment. Based on past experience, no provision is required for receivables from related parties.

The loss allowance provision is determined as follows:

	As at March 31, 2017			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**–**	**–**	**–**	**–**
Gross carrying amount	**210.56**	**218.63**	**104.84**	**534.03**
Loss allowance provision	**–**	**–**	**–**	**–**

	As at March 31, 2016			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	–	–	–	–
Gross carrying amount	306.06	207.19	137.21	650.46
Loss allowance provision	–	–	–	–

	As at April 1, 2015			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	–	–	–	–
Gross carrying amount	373.85	320.21	82.44	776.50
Loss allowance provision	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
March 31, 2017				
Borrowings	**258.85**	**–**	**–**	**–**
Trade Payables	**550.88**	**–**	**–**	**–**
Other Financial Liabilities	**0.63**	**–**	**–**	**–**
Total	**810.36**	**–**	**–**	**–**
March 31, 2016				
Borrowings	71.71	–	–	–
Trade Payables	459.85	–	–	–
Other Financial Liabilities	3.96	–	–	–
Total	535.52	–	–	–
April 1, 2015				
Trade Payables	252.46	–	–	–
Other Financial Liabilities	4.12	–	–	–
Total	256.58	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
March 31, 2017				
Trade Receivables	**534.03**	**–**	**–**	**–**
Cash and cash equivalents	**0.18**	**–**	**–**	**–**
Other Financial Assets				
– Security Deposit	**54.23**	**–**	**–**	**–**
Total	**588.44**	**–**	**–**	**–**
March 31, 2016				
Trade Receivables	650.46	–	–	–
Cash and cash equivalents	0.61	–	–	–
Other Financial Assets				
– Security Deposit	54.23	–	–	–
Total	705.30	–	–	–
April 1, 2015				
Investment	123.47	–	–	–
Trade Receivables	776.50	–	–	–
Cash and cash equivalents	180.34	–	–	–
Other Financial Assets				
– Security Deposit	54.23	–	–	–
Total	1,134.54	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	March 31, 2017	March 31, 2016	April 1, 2015
Trade Receivables	USD	**–**	0.06	–
Trade Payables	USD	**–**	–	–
	EUR	**–**	–	–
	GBP	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 26 - Fair value of financial assets and financial liabilities that are not measured at fair value

(Amount in INR Lakhs)

Particulars	Carrying Value			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	**March 31, 2017**	March 31, 2016	April 1, 2015
Financial assets						
Financial assets carried at Amortised Cost						
Investments	**–**	–	123.47	**–**	–	123.47
Trade receivables	**534.03**	650.46	776.50	**534.03**	650.46	776.50
Cash and cash equivalents	**0.18**	0.61	180.34	**0.18**	0.61	180.34
Other financial assets	**54.23**	54.23	54.23	**54.23**	54.23	54.23
Total	**588.44**	705.30	1,134.54	**588.44**	705.30	1,134.54
Financial liabilities						
Financial liabilities held at amortised cost						
(i) Trade payables	**550.88**	459.85	252.46	**550.88**	459.85	252.46
(ii) Borrowings	**258.85**	71.71	–	**258.85**	71.71	–
(iii) Other financial liabilities	**0.63**	3.96	4.12	**0.63**	3.96	4.12
Total	**810.36**	535.52	256.58	**810.36**	535.52	256.58

Note No. 27 - Segment Information

The Executive Director, the chief operating decision maker (CODM), have chosen to organise the Company as one segment which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Interest and Tax (EBIT) as a measure to assess the performance of the segments.

(Amount in INR Lakhs)

Geographic information	**Year ended March 31, 2017**	Year ended March 31, 2016
Revenue from external customers		
India	**1,315.01**	895.92
Outside India	**3.96**	–
Total revenue per statement of profit or loss	**1,318.97**	895.92

(Amount in INR Lakhs)

Non-current operating assets:	**As at March 31, 2017**	As at March 31, 2016
India	**409**	**422**
Outside India		
Total	**409**	422

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

(Amount in INR Lakhs)

Revenue from Sales	**Year ended March 31, 2017**	Year ended March 31, 2016
PBGM	**311.96**	160.34
RGB60	**280.72**	12.19
HAPP Spares	**96.40**	118.76
ACH	**84.46**	106.71
RGB12	**78.74**	130.62
Trolley	**67.01**	–
PBGM Container	**28.69**	13.50
Battery Body	**25.26**	–
Cable No 86	**20.96**	–
BATL Container	**17.67**	2.57
Blasy Cylinder	**15.31**	–
BB	**–**	56.94
Impact Protector	**4.77**	55.47
Recoil System	**50.24**	50.24
Others	**103.20**	186.29
Total	**1,185.38**	893.63

(Amount in INR Lakhs)

Revenue from Services	**Year ended March 31, 2017**	Year ended March 31, 2016
DL Refurbishment	**62.36**	**–**
Capony Installation	**37.85**	**–**
GRSE	**26.72**	**–**
Others	**4.12**	**–**
Total	**131.04**	**–**
Revenue from Scrap Sales	**2.56**	2.29
Grand Total	**1,318.98**	895.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No. 28 - Related Party Transactions

Related Parties	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Defence Systems Limited	Holding Company
Tech Mahindra	Fellow Associate
Mahindra CIE Automotive India Limited	Fellow Associate
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary

(Amount in INR Lakhs)

Sr. No.	Particulars	Ultimate Holding company	Fellow Associate	Fellow Associate	Fellow Subsidiary	Key Managerial Personnel	
		Mahindra & Mahindra Limited	Tech Mahindra	Mahindra CIE Automotive India Limited	Mahindra Integrated Business Solutions Private Limited	Mr Devendra Bhatnagar (CEO)	Mr Saurabh Gupta (CFO)
1	Purchase of Services	–	–	–	1.24	–	–
		(–)	(–)	(–)	(1.34)	(–)	(–)
2	Sale of Services	–	30.73	–	–	–	–
		(–)	(–)	(–)	(–)	(–)	(–)
3	Purchase of Goods	–	–	83.08	–	–	–
		(–)	(–)	(–)	(–)	(–)	(–)
4	Purchase of Fixed Assets	–	–	–	–	–	–
		(22.02)	(–)	(–)	(–)	(–)	(–)
5	Reimbursement of Expenses paid	43.59	–	–	–	–	–
		(46.08)	(–)	(–)	(–)	(–)	(–)
6	Remuneration	–	–	–	–	35.05	2.08
		(–)	(–)	(–)	(–)	(28.16)	(1.75)
7	Balance Outstandings:						
	Payables	99.34	–	39.25	0.19	–	1.90
		(67.02)	(–)	(–)	(0.19)	(2.54)	(2.00)

Compensation of key managerial personnel

The remuneration paid to key managerial personnel during the year was as follows:

Particulars	Year ended 31/03/2017	Year ended 31/03/2016
Short-term employee benefits	**37.14**	29.91
Post-employment benefits	**–**	–
Other long-term benefits	**–**	–
Termination benefits	**–**	–
Share-based payment	**–**	–

The remuneration does not include provision for leave salary, post retirement medical benefits and contribution / provision towards gratuity, since the contribution/provision is made for the Company as a whole on actuarial basis.

Sale of service to related parties were made at the company usual prices. Purchases were made at market prices discounted to reflect the quantity of goods purchased and the relationship between parties.

In addition company also paid certain shared service charges being an appropriate allocation of costs incurred by relevant related parties.

The amount outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Note No. 29 - Basic/Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amount in INR Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit / (loss) for the year attributable to owners of the Company	**(753.33)**	(330.04)
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**(753.33)**	(330.04)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(753.33)**	(330.04)
Weighted average number of equity shares	**15,031,330**	15,031,330
Earnings per share from continuing operations - Basic & Diluted	**(5.01)**	(2.20)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	(Amount in INR Lakhs) For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares used in the calculation of EPS	**15,031,330**	15,031,330
Add: Effect of Warrants	**–**	–
ESOPs	**–**	–
Convertible bonds	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**15,031,330**	15,031,330

Note No. 30 - Contingent liabilities and commitments (not provided for)

Particulars	(Amount in INR Lakhs) As at March 31, 2017	As at March 31, 2016
(i) Contingent Liabilities*		
Excise duty	**6.83**	6.83
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Nil)	**–**	9.09

* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

Note No. 31 - Disclosure of SBN held and transacted during the period 08th Nov 2016 to 30th Dec 2016

Particulars	SBN	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	–	0.24	0.24
(+) Permitted receipts		1.00	1.00
(-) Permitted payments		0.69	0.69
(-) Amount Deposited in Banks			–
Closing cash in hand as on 30.12.2016	–	0.55	0.55

Note No. 32 - Leases

Operating lease charge amounting to Rs. 86.22 Lakhs (previous year Rs. 82.31 Lakhs) has been debited to the statement of profit and loss during the year. Future minimum lease payments under non cancellable operating leases as of March 31, 2017 are as follows :

Particulars	(Amount in INR Lakhs) For the year ended March 31, 2017	For the year ended March 31, 2016
Details of leasing arrangements		
Future minimum lease payments		
not later than one year	**88.49**	41.71
later than one year and not later than five years	**139.41**	–
later than five years	**–**	–

Note No. 33 First time adoption of Ind-AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. In accordance with the exemption given in Ind AS 101, the Company has availed the following exemptions:

- Company has availed the exemption as a first time adopter to assess on transition date whether an arrangement contains a lease or not based on facts and circumstances as on transition date.
- Company has availed the exemption of Fair value measurement of financial assets or financial liabilities at initial recognition.
- Company has availed the exemption of Decommissioning liabilities included in the cost of property, plant and equipment.
- Company has availed the exemption of the first time adopter to use the requirements under App D of Ind AS 109 prospectively from the date of transition.
- Company has availed the exemption of the first time adopter to measure assets or operations at the lower of carrying value and fair value less cost to sell on transition date.

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	(Amount in INR Lakhs) As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP	**1,488.12**	1,654.26
Ind AS: Adjustments increase (decrease):		
Impact on account of prior period error (RM consumption)	**(163.90)**	–
Remeasurement of the defined benefit liabilities	**1.55**	–
Remeasurement of the defined benefit liabilities	**(0.48)**	–
Equity as reported under IND AS	**1,325.29**	1,654.26

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	(Amount in INR Lakhs) Year ended March 31, 2016
Profit or Loss as per previous GAAP	**(166.14)**
Ind AS: Adjustments increase (decrease):	
Remeasurement of defined benefit obligations recogninsed in other comprehensive income under IND-AS	1.55
Deferred tax on Defined Benefit Obligation	(0.48)
Impact on account of prior period error (RM consumption)	(163.90)
Total adjustment to profit or loss	**(162.83)**
Total comprehensive income under Ind ASs	**(328.97)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Effect of IND AS adoption on statement of cash flows for the year ended March 31, 2016

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under IND AS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(iv) Effect of IND AS adoption on Balance sheet as at March 31, 2016 and April 1, 2015

	Notes	As at March 31, 2016 (End of the period presented under previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP *	**Effect of transition to IND AS**	**As per IND AS Balance Sheet**	Previous GAAP *	Effect of transition to IND AS	As per IND AS Balance Sheet
ASSETS							
Non-current assets							
(a) Property, Plant and Equipment		**413.02**	**–**	**413.02**	362.03	–	362.03
(b) Intangible assets		**9.44**	**–**	**9.44**	–	–	–
(c) Other non current assets		**21.98**	**–**	**21.98**	22.94	–	22.94
(d) Non current tax Assets	**a**	**14.25**	**(4.10)**	**10.15**	8.49	–	8.49
(e) Deferred tax assets (net)	**a**	**81.06**	**4.10**	**85.16**	4.95	–	4.95
Total Non-current Assets		**539.75**	**(0.00)**	**539.75**	398.41	–	398.41
Current assets							
(a) Inventories	**b**	**849.95**	**(162.83)**	**687.12**	393.97	–	393.97
(b) Financial Assets						–	
(i) Investments		**–**	**–**	**–**	123.47	–	123.47
(ii) Trade receivables		**650.46**	**–**	**650.46**	776.50	–	776.50
(iii) Cash and cash equivalents		**0.61**	**–**	**0.61**	180.34	–	180.34
(iv) Other financial assets		**54.23**	**–**	**54.23**	54.23	–	54.23
(c) Other current assets		**40.70**	**–**	**40.70**	94.63	–	94.63
Total Current Assets		**1,595.95**	**(162.83)**	**1,433.12**	1,623.14	–	1,623.14
Total Assets		**2,135.70**	**(162.83)**	**1,972.87**	2,021.56	–	2,021.55
EQUITY & LIABILITIES							
Equity							
(a) Equity Share capital		**1,503.13**	**–**	**1,503.13**	1,503.13	–	1,503.13
(b) Other Equity	**b**	**(15.01)**	**(162.83)**	**(177.84)**	151.13	–	151.13
Total Equity		**1,488.12**	**(162.83)**	**1,325.29**	1,654.26	–	1,654.26
LIABILITIES							
Non current liabilities							
(a) Provisions		**81.39**	**–**	**81.39**	65.34	–	65.34
Total Non-current Liabilities		**81.39**	**–**	**81.39**	65.34	–	65.34
Current liabilities							
(a) Financial Liabilities							
(i) Trade payables		**459.85**	**–**	**459.85**	252.46	–	252.46
(ii) Borrowings		**71.71**	**–**	**71.71**	–	–	–
(iii) Other financial liabilities		**3.96**	**–**	**3.96**	4.12	–	4.12
(b) Other current liabilities		**17.30**	**–**	**17.30**	25.09	–	25.09
(c) Provisions		**13.37**	**–**	**13.37**	20.28	–	20.28
Total Current Liabilities		**566.19**	**–**	**566.19**	301.95	–	301.95
Total Equity & Liabilities		**2,135.70**	**(162.83)**	**1,972.87**	2,021.55	–	2,021.55

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(v) Effect of IND AS adoption on statement of Profit & Loss for the year ended March 31, 2016

Particulars	Notes	Indian GAAP	Adjustment	IND-AS
I Revenue from operations	**c**	825.83	70.09	895.92
Other income		12.34	–	12.34
Total revenue (I+II)		838.17	70.09	908.26
IV Expenses				
(a) Cost of materials consumed	**b**	282.75	162.83	445.58
(b) Changes in stock of finished goods, work-in-progress and stock-in-trade		(188.56)	–	(188.56)
(c) Excise duty on sale of goods	**c**	–	70.09	70.09
(d) Employee benefits expenses	**d**	292.11	1.55	293.66
(e) Finance costs		0.41	–	0.41
(f) Depreciation and amortisation expenses		51.82	–	51.82
(g) Other expenses		645.98	–	645.98
Total expenses (IV)		1,084.51	234.47	1,318.98
V Profit / (Loss) before exceptional item and tax (III - IV)		(246.34)	(164.38)	(410.72)
VI Tax expense				
Current tax		–	–	–
Income tax relating to earlier period		–	–	–
MAT credit		–	–	–
Deferred tax charge/ (benefits)		(80.20)	(0.48)	(80.68)
Total tax expense (VI)		(80.20)	(0.48)	(80.68)
VII Profit / (Loss) after tax from continuing operations (V-VI)		(166.14)	(163.90)	(330.04)
VIII Other Comprehensive Income				
A. (I) Items that will not be reclassified to Profit and Loss				
a) Remeasurement of the defined benefit liabilities	**d**	–	(1.55)	(1.55)
A. (I) Income tax relating to items that will not be reclassified to Profit and Loss		–	0.48	0.48
B. I Items that may be reclassified to Profit and Loss		–	–	–
B. II Income tax relating to items that will be reclassified to Profit and Loss		–	–	–
Total Other comprehensive income		–	(1.07)	(1.07)
IX Total Comprehensive Income (VII+VIII)		(166.14)	(162.82)	(328.97)

Notes:

a Impact on account of prior period error on account of short booking of RM consumption. Under IND AS the opening balance sheet is restated to give effect of prior period error.

b Under previous GAAP, MAT credit was presented under Loans and Advances. Under IND AS, MAT credit is shown as per of Deferred Tax Assets.

c Under the previous GAAP, revenue from operations was presented net of excise duty. Under Ind AS, revenue from operations is shown inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expense.

d Under the previous GAAP, actuarial gains and losses were recognised in the statement of profit or loss. Under Ind AS, the actuarial gains and losses form a part of re-measurement of the net defined benefit liability / assets which is recognised in other comprehensive income.

For and on behalf of the Board of Directors

S. P. Shukla	(Director)	DIN : 00007418
Devendra Bhatnagar	(Executive Director)	DIN : 07272516
Mukul Verma	(Director)	DIN : 02428217
Saurabh Gupta	(Chief Financial Officer)	
Yatish Sharma	(Company Secretary)	

Date: 28th April, 2017
Place: Mumbai

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their fifth Report along with the Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

Financial Highlights

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Gross Income	**34644.07**	4021.10
Net Income	**34644.07**	4021.10
Profit Before Taxation, Depreciation and Amortisation	**2029.10**	(305.12)
Less: Depreciation/Amortisation	**73.39**	57.87
Profit/(Loss) before taxation	**1955.71**	(362.99)
Less: Provision for taxation for the year	**882.98**	(30.42)
Add: Deferred Tax (Liability)/Asset	**192.81**	83.91
Profit/(Loss) for the year after taxation	**1265.54**	(248.66)
Balance of Profit/(Loss) from earlier years	**28.66**	269.67
Transition Depreciation Adjustment to reserves	**–**	–
Other Comprehensive Income	**(2.26)**	7.65
Balance carried forward	**1291.94**	28.66
Net Worth	**26266.98**	9903.71

The aforesaid financial highlights are based on audited financial statements for the year ended 31st March, 2017, which are Company's first Ind AS financial statements which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated under the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the financial year to which financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

Your company is actively pursuing major opportunities in defence business and has responded to various request for proposals issued by Governments.

During the year under review, your company has received two new contract in Home Land Security business: (i) Uttar Pradesh (Technology and operationalization of UP State Dial 100 Project) wherein the implementation work has ended while operation and maintenance work is going on, and (ii) Rajasthan government (Establishment and Commissioning of Command & Control Center) which is in execution phase.

During the year under review, your company has commenced provision of training services to Indian Air Force pilots on the simulators.

Dividend

To conserve the resources of the Company, your Directors do not recommend dividend for the year under review.

Subsidiaries & Associates

As on 31st March, 2017 your Company had the following three subsidiaries/associates:

(A) Mahindra Telephonics Integrated Systems Limited (MTISL)

Your Company pursuant to the Joint Venture with Telephonics Corporation, USA, had incorporated a public company viz. Mahindra Telephonics Integrated Systems Limited (JV Company), wherein your Company holds 51% of the Share Capital of the JV Company and balance 49% is held by Telephonics Corporation, USA. During the year, the JV Company earned a revenue of Rs. 2,265.14 Lakh (previous year Rs. 540.89 Lakh) and incurred a loss of Rs. 443.89 Lakh (previous year Rs. 480.90 Lakh).

(B) Mahindra Defence Naval Systems Private Limited (MDNSPL)

Mahindra Defence Naval Systems Private Limited is a wholly owned subsidiary of your Company. During the year, MDNSPL earned a revenue of Rs. 1328.78 Lakh (previous year Rs. 908.26 Lakh) and incurred a loss of Rs. 753.33 Lakh (previous year Rs. 330.04 Lakh).

(C) Defence Land Systems India Limited (DLSIL)

Defence Land Systems India Limited is a wholly owned subsidiary of your company. During the year, DLSIL earned a revenue of Rs. 3279.13 Lakh (previous year Rs. 2339.63 Lakh) and incurred a loss of Rs. 878.71 Lakh (previous year Rs. 924 Lakh).

A Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company, is provided in Form AOC-1 which is attached to the Financial Statement and forms part of this Annual Report.

The audited statements of accounts for the year ended 31st March, 2017 of the Company's subsidiaries, together with the reports of their Directors and Auditors and Statement pursuant to section 129 of the Companies Act, 2013 are attached.

Share Capital

During the year under review, the Authorised Share Capital of your Company stood at Rs. 50,00,00,000 divided into 5,00,00,000 Equity Shares of Rs. 10 each. There was no change in the Authorised Share Capital during the year under review.

During the year under review your Company allotted 64,71,243 Equity Shares of Rs. 10 each aggregating to Rs. 6,47,12,430 to Mahindra & Mahindra Limited for cash at par on rights basis.

Consequently, the paid up Share Capital of the Company has gone up to Rs. 14,93,32,480 divided into 1,49,33,248 Equity Shares of Rs. 10 each.

Board of Directors

The composition of the Board of Directors of the Company is as follows:-

Sr. No.	Names of Directors	DIN	Category	Independent/ Non Independent
1.	Mr. S. P. Shukla, Managing Director*	00007418	Executive	Non Independent
2.	Mr. V. S. Parthasarathy	00125299	Non-Executive	Non Independent
3.	Mr. Zhooben Bhiwandiwala	00110373	Non-Executive	Non Independent
4.	Mr. S. Ramakrishna	02091639	Non-Executive	Non Independent
5.	Lt. Gen. Jaswinder Pal Singh (Retd.)**	07138659	Non-Executive	Independent
6.	Ms. Neelam Deo**	02817083	Non-Executive	Independent

* Appointed as a Managing Director of the Company w.e.f. 9th February, 2017.

** Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo were appointed as Independent Directors of the Company for a period of 2 years with effect from 2nd May, 2017 and they shall not be liable to retire by rotation.

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.

Mr. V. S, Parthasarathy (DIN: 00125299), Director, retires by rotation and, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Declaration by Independent Directors

The Company has received declarations from Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo, the Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Number of Meetings

Board Meetings

Your Board of Directors met five times during the year under review i.e. on 24th May, 2016, 15th September, 2016, 4th November, 2016, 17th November, 2016 and 9th February, 2017.

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

Sr. No.	Name of Director	No. of Meetings attended out of five Meetings
1.	Mr. S. P. Shukla	5
2.	Mr. V. S. Parthasarathy	2
3.	Mr. Zhooben Bhiwandiwala	1
4.	Mr. S. Ramakrishna	5
5.	Lt. Gen. Jaswinder Pal Singh (Retd.)*	N.A.
6.	Ms. Neelam Deo*	N.A.

* Appointed w.e.f. 2nd May, 2017

General Meetings

The fourth Annual General Meeting of the Company was held on 15th September, 2016. During the year, two Extra Ordinary General Meetings were held on 7th November, 2016 and on 14th March, 2017.

Committees of the Board

At the Meeting of the Board of Directors held on 2nd May, 2017, the Company had constituted the Audit Committee and Nomination & Remuneration Committee.

The details are as follows:-

Audit Committee

In order to comply with the provisions of section 177 of the Companies Act, 2013 and Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014, the Audit Committee of the Board of Directors consisting of following Directors (including the Independent directors) has been constituted w.e.f. 2nd May, 2017:-

1. Ms. Neelam Deo, Chairperson
2. Lt. Gen. Jaswiner Pal Singh (Retd.)
3. Mr. V. S. Parthasarathy.

Nomination and Remuneration Committee

In order to comply with the provisions of section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meeting

of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of the Board of Directors consisting of following Directors (including the Independent directors) has been constituted w.e.f. 2nd May, 2017:-

1. Lt. Gen. Jaswiner Pal Singh (Retd.), Chairman
2. Ms. Neelam Deo
3. Mr. S. P. Shukla

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:

(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 31st March, 2017 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.

Key Managerial Personnel

During the year under review, Mr. S. P. Shukla was appointed as the Managing Director of the Company with effect from 9th February, 2017 for a period of three years. Mr. Mukul Verma and Mr. Rajesh Parte continue as Chief Financial Officer and Company Secretary of the Company, respectively (being the Key Managerial Personnel).

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks 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 risks and enabling the Company to manage 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.

Corporate Social Responsibility (CSR)

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Gurgaon (Firm registration Number 015125N) were appointed as Auditors of your Company to hold office from the conclusion of 2nd Annual General Meeting (AGM) held on 17th September, 2014 until the conclusion of 7th AGM. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

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 AGM and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

Consequent to the increase in the paid-up share capital of the Company, the provisions relating to submission of Secretarial Audit Report shall be applicable to your Company from the Financial Year 2017 -18.

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.

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

Disclosures as regards particulars of loans given, investments made and guarantees and securities provided pursuant to section 186 of the Companies Act, 2013 are given under Note to 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 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 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. There are no transactions which are required to be disclosed in Form AOC – 2.

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, 2017 is attached herewith as **Annexure II** and the same 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

S. P. Shukla
Chairman & Managing Director

Mumbai,
2nd May, 2017

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 31st MARCH, 2017

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: **Not Applicable**

(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) –

(a) the details of technology imported: **Not Applicable**

(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 : **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 the Financial Year Ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**427.03**	260.11
Total Foreign Exchange Used	**207.20**	22.84

For and on behalf of the Board

S. P. Shukla
Chairman & Managing Director

Mumbai, 2nd May, 2017

ANNEXURE II TO THE DIRECTORS REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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**	U75220MH2012PLC233889
ii.	**Registration Date**	30th July, 2012
iii.	**Name of the Company**	Mahindra Defence Systems 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. No.: 022-24905828.
vi.	**Whether listed Company (Yes/No)**	No
vii.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Tel.: 040-67162222, Fax: 23001153

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	System Integrator	62020	79.17%

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 Address: Gateway Building, Apollo Bunder, Mumbai – 400001	L65990MH1945PLC004558	Holding Company	100%	2(46)
2.	Mahindra Defence Naval Systems Private Limited Address: Mahindra Towers, P.K. Kurne Chowk, Dr. G.M. Bhosale Marg, Worli Mumbai – 400018	U75144MH2012PTC231267	Subsidiary Company	100%	2(87)(ii)
3.	Mahindra Telephonics Integrated Systems Limited Address: Mahindra Towers, P.K. Kurne Chowk, Dr. G.M. Bhosale Marg, Worli Mumbai – 400018	U75302MH2013PLC242268	Subsidiary Company	51%	2(87)(ii)
4.	Defence Land Systems India Limited Address: Mahindra Towers, P.K. Kurne Chowk, Worli Mumbai – 400018	U29268MH2009PLC190702	Subsidiary Company	100%	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	
A. Promoters									
1. Indian									
a. Individual/HUF	–	6	6	–	–	6	6	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	84,61,999	84,61,999	100	–	1,49,33,242	1,49,33,242	100	Nil
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	84,62,005	84,62,005	100	–	1,49,33,248	1,49,33,248	100	Nil
2. Foreign	–								
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) =(A)(1)+(A)(2)	–	84,62,005	84,62,005	100	–	1,49,33,248	1,49,33,248	100	Nil
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
Mutual Funds	–	–	–	–	–	–	–	–	–
Bank/FI	–	–	–	–	–	–	–	–	–
Cent. Govt.	–	–	–	–	–	–	–	–	–
State Govt.(S)	–	–	–	–	–	–	–	–	–
Venture Capital	–	–	–	–	–	–	–	–	–
Insurance Co.	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–

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	
Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
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									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**84,62,005**	**84,62,005**	**100**	–	**1,49,33,248**	**1,49,33,248**	**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 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 and Mahindra Limited	84,61,999	100	0	1,49,33,242	100	0	NIL
2	Narayan Shankar*	1	–	0	1	–	0	–
3	Chandrasekar Kandasamy*	1	–	0	1	–	0	–
4	V. S. Parthasarathy*	1	–	0	1	–	0	–
5	Durgashankar Subramaniam*	1	–	0	1	–	0	–
6	Rajeev Dubey*	1	–	0	1	–	0	–
7	Zhooben Bhiwandiwala*	1	–	0	1	–	0	–
	Total	**84,62,005**	**100**	**0**	**1,49,33,248**	**100**	**0**	**NIL**

* Nominees of Mahindra & Mahindra Limited for the purpose of complying with statutory provisions of Companies Act, 2013 with regard to minimum number of members.

iii. Change in Promoter's 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.	Mahindra & Mahindra Limited				
	At the beginning of the year	84,61,999	100	–	–
	Increase – 17th November, 2016 – Allotment of shares on Rights basis	64,71,243	100	1,49,33,242	100
	At the end of the year	–	–	1,49,33,242	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 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
	–	–	–	–	–

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	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	V. S. Parthasarathy**	1	0.00%	1	0.00%
2.	Zhooben Bhiwandiwala**	1	0.00%	1	0.00%

** Nominees of Mahindra & Mahindra Limited

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
Indebtedness at the beginning of the financial year 01.04.2016	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)				
Change in Indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
+ Addition				
– Reduction				
Net change				
Indebtedness at the end of the financial year-31.03.2017	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)	N.A.	N.A.	N.A.	N.A.

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)
		S. P. Shukla		
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	5.86	–	5.86
	Performance Bonus	–	–	–
	Total (A)	**5.86**	–	**5.86**
	Ceiling as per the Act	5% of the Net profits of the Company – Rs. 97.49 Lakhs		

B. Remuneration of other directors:

I. Independent Directors :- Nil

Particulars of Remuneration	Name of Directors					Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors :- Nil

Other Non-Executive Directors							Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)							
Total B = (1+2)							
Ceiling as per the Act	1% of the Net profits of the Company – Rs. 19.50 Lakhs						

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

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. In Lacs)
		Mukul Verma CFO	Rajesh Parte CS	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	37.61	–	37.61
	(b) Value of perquisites u!s 17(2) Income Tax Act, 1961	0.58	–	0.58
	(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	11.50	2.83	14.33
	Total (C)	**49.68**	**2.83**	**52.51**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): None

For and on behalf of the Board

S. P. Shukla
Chairman & Managing Director

Mumbai, 2nd May, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA DEFENCE SYSTEMS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **MAHINDRA DEFENCE SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid Ind AS 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, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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, 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 - Refer Note 38 to the Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 39(b) to the Ind AS financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note 40 to the financial statements.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - Refer Note 41 to the Ind AS financial statements.

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. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURGAON, May 02, 2017

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)

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 DEFENCE SYSTEMS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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, 2017, 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. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

GURGAON, May 02, 2017

ANNEXURE "B" TO THE AUDITORS' REPORT

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

(i) In respect of its Plant and equipment:
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Plant and equipment.
   (b) The Plant and equipment 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 Plant and equipment 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 3(i) (c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third party at the end of the year for which confirmation have been obtained and no material discrepancies were noticed on 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.

(iv) 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 making investments during the year. The Company has not granted any loans or provided guarantees and securities during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. Therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.

(vi) According to the information and explanations given to us, the maintenance of cost records under Section 148(1) of the Companies Act, 2013 is not applicable to the Company.

(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 with the appropriate authorities. As explained to us, statutory dues on account of Excise Duty are not applicable to the Company.
   (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 March 31, 2017 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, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of borrowings to bank. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures during the year.

(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 3(ix) of the 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 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 provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(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 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 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 3(xiv) of 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 directors of its holding, subsidiary or associate company or persons connected with them 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. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

GURGAON, May 02, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Amount in Rs. Lakhs)

Particulars	Notes No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1. Non-current assets				
(a) Plant and equipment	5	**266.13**	155.78	165.84
(b) Intangible assets	6	**1.46**	2.63	–
(c) Financial assets				
(i) Investments	7	**23,783.13**	8,683.13	6,273.13
(ii) Trade receivables	8	**1,151.09**	–	–
(iii) Other financial assets	9	**113.18**	160.66	74.17
(d) Deferred tax assets	10	**422.46**	228.46	148.33
(e) Other non-current assets	11	**1,479.97**	470.43	266.77
Total Non-current Assets		**27,217.42**	9,701.09	6,928.24
2 Current assets				
(a) Inventories	12	**443.40**	30.36	96.55
(b) Financial assets				
(i) Trade receivables	8	**19,851.72**	1,643.90	432.89
(ii) Cash and cash equivalents	13	**3,687.46**	26.10	2,175.70
(iii) Bank balances (other than (ii) above)	14	**–**	254.06	194.19
(iv) other financial assets	9	**2,517.70**	554.35	555.97
(c) Other current assets	11	**1,229.95**	256.52	263.81
Total Current Assets		**27,730.23**	2,765.29	3,719.11
Total Assets		**54,947.65**	12,466.38	10,647.35
EQUITY and LIABILITIES				
1 Equity				
(a) Equity share capital	15	**1,493.32**	846.20	716.93
(b) Other equity		**24,773.67**	9,057.51	7,017.79
Total Equity		**26,266.99**	9,903.71	7,734.72
2 Liabilities				
Non-current liabilities				
(a) Provisions	16	**287.63**	191.50	164.05
Total Non-current Liabilities		**287.63**	191.50	164.05
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	**13,000.00**	1,103.56	–
(ii) Trade payables	18	**13,454.93**	1,050.82	2,506.95
(iii) Other financial liabilities	19	**2.10**	12.58	–
(b) Provisions	16	**10.24**	7.58	5.16
(c) Other current liabilities	20	**1,925.76**	196.63	236.47
Total Current Liabilities		**28,393.03**	2,371.17	2,748.58
Total Equity and Liabilities		**54,947.65**	12,466.38	10,647.35
The accompanying notes forming part of the financial statements	1 to 42			

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

Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurgaon
Date : May 02, 2017

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

V. S. Parthasarathy Director
DIN : 00125299

Rajesh Parte Company Secretary

Place : Mumbai
Date : May 02, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. Lakhs)

	Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	21	**34,473.31**	3,845.90
	Other income	22	**170.76**	175.20
	Total revenue		**34,644.07**	4,021.10
II	**Expenses**			
	Cost of materials consumed	23	**24,645.80**	443.04
	Job work charges for fabrication		**158.33**	725.67
	Employee benefits expenses	24	**2,304.23**	1,621.62
	Finance costs	25	**507.75**	28.64
	Depreciation and amortisation expenses	5 & 6	**73.39**	57.87
	Other expenses	26	**4,998.86**	1,507.25
	Total expenses		**32,688.36**	4,384.09
III	**Profit/(Loss) before tax (I-II)**		**1,955.71**	(362.99)
IV	**Tax expense**			
	Current tax		**882.98**	–
	Excess income tax provision relating to previous period written back		**–**	(30.42)
	Deferred tax charge/(benefits)		**(192.81)**	(83.91)
V	**Profit/(loss) for the year (III-IV)**		**1,265.54**	(248.66)
VI	**Other comprehensive income/(loss)**		**(2.26)**	7.65
	Items that will not be recycled to profit or (loss)			
	Remeasurements of the defined benefit liabilities/(asset)		**(3.45)**	11.43
	Income tax impact		**1.19**	(3.78)
VII	**Total comprehensive income/(loss) for the period (V + VI)**		**1,263.28**	(241.01)
	Earning/(loss) per share (Face value of Rs. 10 per share) (in Rs.)			
	– Basic	29	**11.66**	(3.29)
	– Diluted	29	**11.66**	(3.29)
	See accompanying notes forming part of the financial statements	1 to 42		

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DIN : 00007418

V. S. Parthasarathy Director
DIN : 00125299

Rajesh Parte Company Secretary

Place : Mumbai
Date : May 02, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities		
Profit/(loss) before tax	**1,265.54**	(248.66)
Adjustments for:		
Income tax recognised in profit/(loss)	**690.17**	(114.33)
Finance costs	**507.75**	28.64
Interest income		
Interest on bank deposits	**(1.43)**	(24.71)
Interest Income on financial assets at fair value through profit and loss	**(10.76)**	(10.03)
Profit on sale of plant and equipment	**–**	(1.48)
Loss on sale/discarded plant and equipment	**2.02**	8.40
EIR impact on deposits	**11.17**	11.21
Depreciation and amortisation expenses	**73.39**	57.87
	2,537.85	(293.09)
Movements in working capital:		
(Increase)/decrease in trade receivables	**(19,358.91)**	(1,211.01)
(Increase)/decrease in inventories	**(413.04)**	66.19
(Increase)/decrease in other assets	**(2,269.96)**	(28.27)
(Increase)/decrease in other financial assets	**(1,923.25)**	(90.00)
Increase /(decrease) in trade and other payables	**12,401.01**	(1,456.13)
Increase/(decrease) in provisions	**95.34**	41.30
Increase/(decrease) in other liabilities	**1,729.13**	(39.84)
Cash generated/(used in) from operations	**(7,201.83)**	(3,010.85)
Income taxes paid	**(621.67)**	(146.38)
Net cash generated/(used in) by operating activities	**(7,823.50)**	(3,157.23)
Cash flows from investing activities		
Purchase of plant and equipment including capital advances	**(192.76)**	(52.91)
Sale of plant and equipment	**0.19**	5.62
Investment in equity shares of subsidiary	**(15,100.00)**	(2,410.00)
Change in bank balance not considered as cash and cash equivalent	**270.74**	(45.27)
Interest on deposits	**2.89**	25.27
Net cash generated/(used in) by investing activities	**(15,018.94)**	(2,477.29)
Cash flows from financing activities		
Proceeds from issue of equity share capital including share premium	**15,100.00**	2,410.00
Proceeds from borrowings from bank	**11,896.44**	1,103.56
Finance costs	**(492.64)**	(28.64)
Net cash generated/(used in) financing activities	**26,503.80**	3,484.92
Net increase in cash and cash equivalents	**3,661.36**	(2,149.60)
Cash and cash equivalents at the beginning of the year	**26.10**	2,175.70
Cash and cash equivalents at the end of the year	**3,687.46**	26.10

See accompanying notes forming part of the financial statements **1 to 42**

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

Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurgaon
Date : May 02, 2017

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

V. S. Parthasarathy Director
DIN : 00125299

Rajesh Parte Company Secretary

Place : Mumbai
Date : May 02, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital

(Amount in Rs. Lakhs)

Particulars	Equity Share Capital
As at April 01, 2015	716.93
Issue of equity share capital during the year	129.27
As at March 31, 2016	846.20
Issue of equity share capital during the year	647.12
As at March 31, 2017	**1,493.32**

b. Other Equity

(Amount in Rs. Lakhs)

	Reserves and Surplus		
Particulars	**Securities premium reserve**	**Retained earnings**	**Total**
Balance as on April 01, 2015	6,748.12	269.67	7,017.79
Profit/(loss) for the year	–	(248.66)	(248.66)
Remeasurements of the defined benefit liabilities/(asset), net of income tax	–	7.65	7.65
	6,748.12	28.66	6,776.78
Equity share premium*	2,280.73	–	2,280.73
Balance as on March 31, 2016	9,028.85	28.66	9,057.51
Balance as on March 31, 2016	9,028.85	28.66	9,057.51
Profit/(loss) for the year	–	1,265.54	1,265.54
Other comprehensive income for the year, net of income tax	–	(2.26)	(2.26)
Equity share premium*	14,452.88	–	14,452.88
Balance as on March 31, 2017	**23,481.73**	**1,291.94**	**24,773.67**

* Represents premium on issue and allotment of 6,471,243 (previous year ended March 31, 2016 - 735,585 and 557,126) fresh equity shares of Rs.10 each at a premium of Rs. 223.34 per equity share (previous year Rs. 140.90 and Rs 223.34).

The Company had received premium on issue of equity shares which is disclosed as securities premium reserve .

The accompanying notes forming part of the financial statements **1 to 42**

In terms of our report attached
For Deloitte Haskins & Sells
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Jaideep Bhargava
Partner

Mukul Verma
Chief Financial Officer

Place : Gurgaon
Date : May 02, 2017

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

V. S. Parthasarathy Director
DIN : 00125299

Rajesh Parte Company Secretary

Place : Mumbai
Date : May 02, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

Mahindra Defence Systems Limited is a Public Limited Company incorporated on July 30, 2012 under the Companies Act, 1956. The Company is a subsidiary of Mahindra & Mahindra Limited. The Company is engaged in design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defence vehicle and other defence equipment including training to armed forces people through specific equipments. The Company is also engaged in business of consultancy, training, implementation, management, maintenance and audit in the areas of information security, physical security, homeland security, critical infrastructure security, IT systems & network security, applications security, web & software security, change management & training, business continuity, disaster recovery, governance, loss prevention, fraud risk management, forensics, third party assessment and other allied areas with the objective of derisking the business and mitigation of loss arising from such security risks.

The address of its registered office is Mahindra Towers, P.K. Kurne Chowk, Dr. G. M. Bhosale Marg, Worli, Mumbai-400018 and the address of its corporate office is Mahindra Towers, 1st Floor, 2-A, Bhikaji Cama Place, New Delhi- 110066.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 35 for the details of first-time adoption exemptions availed by the Company. The financial statements are presented in rupees and all values are rounded to the nearest lakhs except when otherwise indicated.

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization 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.

3. Significant Accounting Policies

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are 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.

Rendering of services

Revenue from a contract to provide services is recignised by reference to the stage of completion of the contract.

Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Turnkey Contract: Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Annual maintenance contracts

The Company has obligations towards annual maintenance contracts in various agreements. In some cases, the Company has back to back annual maintenance recovery arrangements from the respective vendors for the goods sold to the customers. In such cases, the Company records revenue for the consideration received at the time of sale of goods and does not defer any amount towards annual maintenance obligations as these are covered with back to back arrangements with the vendors. In other cases, the Company recognizes the revenue in respect of annual maintenance obligation over the period of contract.

Interest income

Interest income from a financial asset is recognised 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.

3.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

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 annual 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 net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies 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.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 liabilities and assets 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.7 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful prescribed in Schedule II to the Companies Act, 2013.

Estimated useful life of assets are as follows:

Plant and equipment	1-7 years
Office equipment	1-5 years
Furniture and fixtures	1-10 years
Vehicles	5 years

Certain plant and equipment and furniture and fixture which are depreciated over a period of 1-7 years and Office equipment which are depreciated over a period of 2 years, assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, anticipated technological changes.

An item of plant and equipment is derecognised 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 the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from 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, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets comprising of technical knowledge and development expenditure, etc. are amortised over a period of three years or less depending on the estimated useful life of the assets remaining as at balance sheet date.

3.9 Impairment of tangible and intangible assets

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). Recoverable amount is the higher of fair value less costs of disposal and value in use.

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 of disposal 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.

When 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

Warranties

The estimated liability for product warranties is not recorded as the Company has entered into back to back product warranties with the vendors.

Financial instruments

Financial assets and financial liabilities are recognised when Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

3.12 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of

part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Company derecognises a financial asset 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 party.

3.13 Financial liabilities

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.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised 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, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.14 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.

3.15 Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS – 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by the International Accounting Standards Board (IASB) to IAS – 7, 'Statement of Cash Flows'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind – AS 7:

The amendment to Ind AS – 7, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on financial statements is being evaluated.

3.16 First-time adoption - mandatory exceptions, optional exemptions

Overall principle

The company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, 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 recognised 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 areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment considered Joint venture

The Company holds 51% equity share capital of Mahindra Telephonics Integration Systems Limited (MTISL) and the remaining 49% is held by Telephonics corporation USA (TC) (Joint venture partner). Based on the joint venture agreement between the Company and TC, decisions on certain relevant activities, which are significant in nature, require the consent of both the Company and TC. Company cannot take unilateral decision on those activities.

The provision of output from operations, do not go to "both the parties" as MTISL does not sell its product to the Company and hence the Company does not receive economic benefits of the assets of the operations. The outputs of the MTISL are purchased only by TC. The MTISL is generating cash to contribute to the continuity of the operations. Therefore, the director of the Company decided to classified MTISL as joint venture.

Note No. 5 - Plant and equipment

(Amount in Rs. Lakhs)

Description of Assets	Plant and equipment	Office equipments	Computers	Furniture and Fixtures	Vehicles	Total
I. Gross carrying amount						
Balance as at April 1, 2016	5.08	26.91	92.85	47.75	144.41	317.00
Additions	22.59	46.97	82.24	8.71	24.27	184.78
Disposals	–	–	–	–	13.62	13.62
Balance as at March 31, 2017	**27.67**	**73.88**	**175.09**	**56.46**	**155.06**	**488.16**
II. Accumulated depreciation						
Balance as at April 1, 2016	0.68	22.58	59.93	20.23	57.80	161.22
Depreciation expense for the year	2.44	5.25	28.17	7.88	28.48	72.22
Eliminated on disposal of assets	–	–	–	–	11.41	11.41
Balance as at March 31, 2017	**3.12**	**27.83**	**88.10**	**28.11**	**74.87**	**222.03**
III. Net carrying amount (I-II)	**24.55**	**46.05**	**86.99**	**28.35**	**80.19**	**266.13**

(Amount in Rs. Lakhs)

Description of Assets	Plant and equipment	Office equipments	Computers	Furniture and Fixtures	Vehicles	Total
I. Gross carrying amount						
Balance as at April 1, 2015	5.08	27.12	94.24	44.64	127.17	298.25
Additions	–	2.62	20.12	3.11	33.63	59.48
Disposals	–	2.83	21.51	–	16.39	40.73
Balance as at March 31, 2016	5.08	26.91	92.85	47.75	144.41	317.00
II. Accumulated depreciation						
Balance as at April 1, 2015	0.18	23.26	59.03	10.20	39.74	132.41
Depreciation expense for the year	0.50	1.67	16.74	10.03	28.05	56.99
Eliminated on disposal of assets	–	2.35	15.84	–	9.99	28.18
Balance as at March 31, 2016	0.68	22.58	59.93	20.23	57.80	161.22
III. Net carrying amount (I-II)	4.40	4.33	32.92	27.52	86.61	155.78

Assets pledged as security and restriction on titles

All existing and future movable properties of the Company have been pledged for the borrowings (first charge) taken from a bank. Refer note no. 17

Note 6 - Intangible assets

(Amount in Rs. Lakhs)

Description of assets	Technical knowledge	Development expenditure	Software	Total
I. Gross carrying amount				
Balance as at April 1, 2016	76.97	93.68	3.51	174.16
Additions	–	–	–	–
Disposals	–	–	–	–
Balance as at March 31, 2017	**76.97**	**93.68**	**3.51**	**174.16**
II. Accumulated amortisation				
Balance as at April 1, 2016	76.97	93.68	0.88	171.53
Amortisation expense for the year	–	–	1.17	1.17
Eliminated on disposal of assets	–	–	–	–
Balance as at March 31, 2017	**76.97**	**93.68**	**2.05**	**172.70**
III. Net carrying amount (I-II)	–	–	1.46	1.46

(Amount in Rs. Lakhs)

Description of assets	Technical knowledge	Development expenditure	Software	Total
I. Gross carrying amount				
Balance as at April 1, 2015	76.97	93.68	–	170.65
Additions	–	–	3.51	3.51
Disposals	–	–	–	–
Balance as at March 31, 2016	76.97	93.68	3.51	174.16
II. Accumulated amortisation				
Balance as at April 1, 2015	76.97	93.68	–	170.65
Amortisation expense for the year	–	–	0.88	0.88
Eliminated on disposal of assets	–	–	–	–
Balance as at March 31, 2016	76.97	93.68	0.88	171.53
III. Net carrying amount (I-II)	–	–	2.63	2.63

Note No : 7 Investments

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Qty**	**Amounts**	Qty	Amounts	Qty	Amounts
Non current investment carried at cost						
Unquoted Investments (all fully paid) in equity instruments						
– In subsidiary company						
Defence Land Systems India Limited (w.e.f. November 17, 2016)	**219,000,000**	**19,690.00**	–	–	–	–
Mahindra Defence Naval Systems Private Limited	**15,031,330**	**1,503.13**	15,031,330	1,503.13	15,031,330	1,503.13
– In Joint venture*						
Mahindra Telephonics Integration Systems Limited	**25,900,000**	**2,590.00**	25,900,000	2,590.00	14,800,000	1,480.00
– In associate company						
Defence Land Systems India Limited (till November 16, 2016)	**–**	**–**	68,000,000	4,590.00	55,000,000	3,290.00
Total	**259,931,330**	**23,783.13**	108,931,330	8,683.13	84,831,330	6,273.13

* Refer note no 4

Note No : 8 Trade receivables

(Amount in Rs. Lakhs)

	As at March 31 , 2017		As at March 31 ,2016		As at April 01,2015	
Particulars	**Current**	**Non-Current**	Current	Non-current	Current	Non-current
Trade receivable						
Unsecured, considered good	**19,851.72**	**1,151.09**	1,643.90	–	432.89	–
Unsecured, considered doubtful	**210.69**	**–**	171.31	–	153.97	–
Less : Allowance for doubtful receivables	**210.69**	**–**	171.31	–	153.97	–
Total	**19,851.72**	**1,151.09**	1,643.90	–	432.89	–
Of the above, trade receivables from:						
– Related Parties	**7,568.94**	**1,151.09**	41.51	–	47.46	–
– Others	**12,282.78**	**–**	1,602.39	–	385.43	–
Total	**19,851.72**	**1,151.09**	1,643.90	–	432.89	–

Refer Note No. 31 - Financial Instrument for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

All trade receivables have been pledged (first charge) to secure the borrowings of the Company. Refer note no. 17

Note No : 9 Other financial assets

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Current**	**Non-current**	Current	Non-current	Current	Non-current
Unsecured considered good						
Security deposits	**91.51**	**106.77**	62.34	137.57	21.29	36.48
Loans and advances						
Deposits pledged with government authorities and bank	**–**	**6.41**	–	23.09	–	37.69
Others						
Interest accrued on deposit	**0.03**	**–**	1.49	–	2.05	–
Unbilled revenue	**2,423.89**	**–**	485.83	–	510.43	–
Recoverable expenses	**2.27**	**–**	4.69	–	22.20	–
Total	**2,517.70**	**113.18**	554.35	160.66	555.97	74.17

Refer Note No. 31 - Financial Instrument for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No : 10 Deferred tax assets

(Amount in Rs. Lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Particulars	**Non-Current**	Non Current	Non Current
Deferred tax asset on			
Carry forward business losses and unabsorbed depreciation	**–**	110.06	–
Plant and equipment	**28.49**	41.84	39.76
Provision for employee benefit	**60.05**	24.75	14.87
Allowance for doubtful debts	**60.66**	44.93	39.19
Financial assets carried at amortised cost	**96.26**	0.61	–
Others	**177.00**	6.27	54.51
Total	**422.46**	228.46	148.33

Note No : 11 Other assets

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Current**	**Non-Current**	Current	Non-current	Current	Non-current
Balances with government authorities (VAT credit receivable, service tax)	**688.43**	**–**	119.01	–	90.44	–
Advance to employees	**0.64**	**–**	–	–	3.32	–
Advance income tax (Net of Provisions Rs. 1042.90 (Previous year Rs. 147.91))	**–**	**167.15**	–	440.47	–	263.66
Prepaid expenses	**457.68**	**1,312.82**	117.06	27.46	152.69	3.11
Advance to supplier of services	**83.20**	**–**	20.45	–	17.36	–
Capital advances	**–**	**–**	–	2.50	–	–
Total	**1,229.95**	**1,479.97**	256.52	470.43	263.81	266.77

Note No : 12 Inventories

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Raw materials*	**424.91**	11.74	96.55
Stores and spares	**18.49**	18.62	–
Total	**443.40**	30.36	96.55

All inventories have been pledged (first charge) to secure the borrowings of the Company. Refer note no 17

* Inventory related to project in work in progress.

Note No : 13 Cash and cash equivalents

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and cash equivalents			
(i) Cheques on hand	**–**	2.70	–
(ii) Balance with banks			
– In current accounts	**3,687.46**	23.40	1,915.70
– In demand deposit accounts	**–**	–	260.00
Total	**3,687.46**	26.10	2,175.70

Note No : 14 Other bank balances

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance with banks			
– In earmarked account and balance held as margin money or commitments	**–**	254.06	194.19
Total	**–**	254.06	194.19

Note No : 15 Equity share capital

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	Value of shares	No. of shares	Value of shares	No. of shares	Value of shares
Authorised share capital						
Equity shares of Rs.10 each with voting rights	**50,000,000**	**5,000.00**	50,000,000	5,000.00	50,000,000	5,000.00
Issued, subscribed and fully paid shares						
Equity shares of Rs.10 each fully paid up with voting rights	**14,933,248**	**1,493.32**	8,462,005	846.20	7,169,294	716.93

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016	
	No of Share	Value of Share	No of Share	Value of Share
Shares outstanding at the beginning of the year	**8,462,005**	**846.20**	7,169,294	716.93
Add: Fresh issue of equity shares during the year	**6,471,243**	**647.12**	1,292,711	129.27
Shares outstanding at the end of the year	**14,933,248**	**1,493.32**	8,462,005	846.20

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Mahindra & Mahindra Limited (Holding company)	14,933,248	100%	8,462,005	100%	7,169,294	100%

Note No : 16 Provisions

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Current**	**Non–current**	Current	Non–current	Current	Non–current
Provision for employee benefits						
(i) Gratuity *	**5.34**	**182.05**	3.74	127.23	2.11	108.57
(ii) Compensated absences	**4.89**	**86.47**	3.16	50.81	2.41	43.69
(iii) Post retirement medical benefits*	**0.01**	**19.11**	0.68	13.46	0.64	11.79
Total	**10.24**	**287.63**	7.58	191.50	5.16	164.05

* Refer Note No. 30 - Employee benefits Contribution.

Note No : 17 Borrowings

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Current**	**Non–current**	Current	Non–current	Current	Non–current
Secured						
Loans repayable on demand to bank*	**13,000.00**	**–**	1,103.56	–	–	–
Total	**13,000.00**	**–**	1,103.56	–	–	–

* Secured by first pari-passu charge by way of hypothecation of inventories, book debts and movable properties both present and future.

Note No : 18 Trade payables

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Current**	**Non–current**	Current	Non–current	Current	Non–current
Total outstanding due to micro enterprises and small enterprises*	**1,130.60**	**–**	–	–	–	–
Total outstanding due to creditors other than micro and small enterprises	**12,324.33**	**–**	1,050.82	–	2,506.95	–
Total	**13,454.93**	**–**	1,050.82	–	2,506.95	–

* Refer Note no. 36 -Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

Trade Payables are in respect of the amount due on account of goods purchased or services received in the normal course of business. Payment is generally made in the period of 60-90 days.

Note No : 19 Other financial liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Particulars	**Current**	**Non–current**	Current	Non–current	Current	Non–current
Capital creditors*	**2.10**	**–**	12.58	–	–	–
Total	**2.10**	**–**	12.58	–	–	–

* Refer Note No. 31 - Financial Instrument.

Note No : 20 Other liabilities

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2017 Current	As at March 31, 2017 Non–current	As at March 31, 2016 Current	As at March 31, 2016 Non–current	As at April 01, 2015 Current	As at April 01, 2015 Non–current
Advances received from customers	**49.04**	**–**	26.90	–	28.76	–
Advance billing to the customers	**1,198.82**	**–**	98.93	–	62.06	–
Others						
Statutory dues (contribution to provident fund, withholding taxes, VAT, service tax, etc.)	**677.90**	**–**	70.79	–	145.64	–
Other payables	**–**	**–**	0.01	–	0.01	–
Total	**1,925.76**	**–**	196.63	–	236.47	–

Note No. 21 Revenue from operations

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from sale of products		
Light armoured vehicles fabricated by job worker	**204.58**	1,007.13
Others	**244.25**	26.93
Turnkey contracts revenue	**26,801.51**	431.43
Revenue from rendering of services		
Consultancy services	**1,796.75**	2,074.23
Annual maintenance contract	**315.62**	295.99
Training service	**3,427.55**	–
Business support service	**1,649.10**	–
Other operating Revenue		
Excess provision/liabilities written back	**17.75**	10.19
Insurance claim	**16.20**	–
Total	**34,473.31**	3,845.90

Note No. 22 Other income

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Other income		
Interest Income		
Interest on bank deposits	**1.43**	24.71
Interest Income on financial assets at fair value through profit and loss	**10.76**	10.03
Profit on sale of plant and equipment	**–**	1.48
Net gain on foreign currency transaction and translation	**–**	0.06
Interest on Income tax refund	**–**	2.67
Service charges recovered	**158.57**	136.25
Total	**170.76**	175.20

Note No. 23 Cost of materials consumed

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock	**11.74**	96.55
Add : Purchases	**25,058.97**	358.23
Less : Closing stock	**424.91**	11.74
Total	**24,645.80**	443.04

Note No. 24 Employee benefits expense

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages, bonus, etc	**2,078.78**	1,458.15
Contribution to provident fund (refer note no 30)	**86.01**	69.26
Gratuity (refer note no 30)	**54.36**	39.00
Post retirement medical benefit (refer note no 30)	**6.42**	1.62
Expense on Employee Stock Option (ESOP) Scheme*	**7.91**	6.62
Staff welfare expenses	**70.75**	46.97
Total	**2,304.23**	1,621.62

* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding company to employees of the Company for detail refer note no 37.

Note No. 25 Finance costs

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Expenses		
Interest on borrowings	**488.65**	27.81
Interest on micro and small enterprise	**3.10**	–
Interest on delay payment of statutory dues	**16.00**	0.83
Total	**507.75**	28.64

Note No. 26 Other expenses

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores and spare parts	**0.75**	–
Electricity expenses	**24.27**	12.12
Rent including lease rent	**467.00**	390.45
Rates and taxes	**445.87**	20.27
Repairs and maintenance-plant and equipment	**102.14**	11.17
Repairs and maintenance-others	**81.96**	69.82
Insurance	**67.60**	25.26
Auditor's remuneration (Excluding input service tax)		
- Statutory audit fee	**15.00**	12.50
- Certification, other fee	**4.52**	3.29
- Out of pocket expenses	**0.26**	0.30
Legal and professional charges	**89.13**	60.44
Shared service charges	**84.64**	50.38
Subcontracting and service charges	**2,664.57**	506.82
Travelling and conveyance expenses	**375.98**	181.89
Printing and stationery	**28.47**	9.31
Communication expenses	**43.60**	29.83
Software charges	**20.21**	46.85
Advertisement	**16.15**	8.39
Selling and marketing expenses	**15.56**	2.63
Loss on sale/discarded of plant and equipment	**2.02**	8.40
Provision for Liquidated damages	**225.98**	–
Allowance for doubtful debts	**39.37**	27.38
Net loss on foreign currency transaction and translation	**26.60**	–
Bank charges	**118.03**	11.27
Advance written off	**–**	1.16
Miscellaneous expenses	**39.18**	17.32
	4,998.86	1,507.25

Note No. 27 - Income Tax

Income tax expense in the statement of profit and loss comprises:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current income tax		
In respect of the current year	**882.98**	–
Excess income tax provision relating to previous period written back	**–**	(30.42)
	882.98	(30.42)
Deferred tax		
In respect of the current year	**(192.81)**	(83.91)
	690.17	(114.33)

The Income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(loss) before tax	**1,955.71**	(362.99)
Income tax expense calculated at 34.608% (2016: 33.06%)	**676.83**	(120.00)
Effect of expenses non deductible in determining taxable profits	**15.05**	3.46
Others	**(1.71)**	32.63
	690.17	(83.91)
Current tax in relation to previous years	**–**	(30.42)
Income Tax (Expense)/benefit recognised in profit or loss	**690.17**	(114.33)

Deferred tax recognised in profit/(loss)

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Items on which Deferred Tax has been created		
Plant and equipment	**13.35**	(2.07)
Post employment benefits (Gratuity, Leave encashment and Medical benefit)	**(35.30)**	(14.05)
Other	**(170.86)**	(67.79)
Deferred Tax recognised in profit or loss	**(192.81)**	(83.91)

Deferred tax recognised in "Other Comprehensive Income"

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Remeasurement of defined benefits obligations	**1.19**	(3.78)

Note No. 28 - Segment information

For management purposes, the Company is organised into business units based on its products and services to the customer and has two reportable segments, as follows:

– Defence and Homeland security
– Non Defence

The Managing Director, the chief operating decision maker (CODM), have chosen to organise the Company in to the above mentioned segments and which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Interest and Tax (EBIT) as a measure to assess the performance of the segments. Treasury costs and fInance costs are not allocated to segments as these income and expenses are considered to be corporate activities.

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Defence & Homeland Security	**Non Defence**	**Total Segments**	Defence & Homeland Security	Non Defence	Total Segments
External sales and service income	**32,476.12**	**1,997.19**	**34,473.31**	2,063.89	1,782.01	3,845.90
Other income (excluding interest income)	**158.57**	**–**	**158.57**	136.28	1.51	137.79
Total revenue	**32,634.69**	**1,997.19**	**34,631.88**	2,200.17	1,783.52	3,983.69
Depreciation and amortisation	**45.22**	**28.17**	**73.39**	27.94	29.93	57.87
Segment profit	**2,669.52**	**63.06**	**2,732.58**	(345.67)	8.73	(336.94)
Total assets	**52,843.13**	**1,514.91**	**54,358.04**	10,902.93	894.52	11,797.45
Total liabilities	**15,126.90**	**553.76**	**15,680.66**	950.57	508.54	1,459.11

Other disclosures

– Finance costs and treasury costs are not allocated to individual segments as they are treated as corporate activity.

– Disclosure of operating segment assets and liabilities are not made as such measures are not provided to the CODM.

– Defence and Homeland Security being the major segment, all other income and corporate expenses are allocated to it.

– All other adjustments and eliminations are part of detailed reconciliations presented further below.

(Amount in Rs. Lakhs)

Reconciliation of profit	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Segment profit	**2,732.58**	(336.94)
Finance income	**1.43**	27.38
Gain on financial assets at fair value through profit or loss	**(262.83)**	(12.28)
Loss on financial assets at fair value through profit or loss	**7.72**	–
Other finance costs	**507.75**	41.15
Profit before tax	**1,955.71**	(362.99)

(Amount in Rs. Lakhs)

Reconciliation of assets	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Segment operating assets	**54,358.04**	11,797.45	10,235.36
Deferred tax assets	**422.46**	228.46	148.33
Advance Tax	**167.15**	440.47	263.66
Total assets	**54,947.65**	12,466.38	10,647.35

(Amount in Rs. Lakhs)

Reconciliation of liabilities	**As at March 31, 2017**	As at March 31, 2016	As at April 01, 2015
Segment operating liabilities	**15,680.66**	1,459.11	2,912.63
Interest-bearing loans and borrowings	**13,000.00**	1,103.56	–
Equity	**26,266.99**	9,903.71	7,734.72
Total liabilities	**54,947.65**	12,466.38	10,647.35

(Amount in Rs. Lakhs)

Geographic information	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Revenue from external customers		
India	**33,892.33**	3,983.69
USA	**739.55**	–
Total revenue per statement of profit or loss	**34,631.88**	3,983.69

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Light armoured vehicles fabricated by job worker	**204.58**	1,007.13
Others	**244.25**	26.93
Turnkey Project	**26,801.51**	431.43

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consultancy services	**1,796.75**	2,074.23
Annual maintenance contract	**315.62**	295.99
Training Service	**3,427.55**	–
Business support service	**1,649.10**	–
Other operating Revenue	**33.95**	10.19
Total	**34,473.31**	3,845.90

The revenues from single customer exceeding 10% or more of entity's revenue is as under:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
External Customer		
Customer 1	**–**	1,007.13
Customer 2	**22,360.93**	431.43
Related Party		
Tech Mahindra	**7,582.97**	–
Total revenue per statement of profit or loss	**29,943.90**	1,438.56

Note No. 29 Earning/(loss) Per Share

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Per Share	Per Share
Basic earnings/(loss) per share	**11.66**	(3.29)
Total basic earnings/(loss) per share	**11.66**	(3.29)
Diluted earnings/(loss) per share	**11.66**	(3.29)
Total diluted earnings/(loss) per share	**11.66**	(3.29)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit / (loss) for the year attributable to owners of the Company	**1,265.54**	(248.66)
Profit / (loss) for the year used in the calculation of basic earnings per share	**1,265.54**	(248.66)
Profits/(loss) used in the calculation of basic earnings per share	**1,265.54**	(248.66)
Weighted average number of equity shares	**10,855,478**	7,557,903
Earnings/(loss) per share - Basic	**11.66**	(3.29)

Diluted earnings per share

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit / (loss) for the year used in the calculation of basic earnings per share	**1,265.54**	(248.66)
Profit / (loss) for the year used in the calculation of diluted earnings per share	**1,265.54**	(248.66)
Profits /(loss) used in the calculation of diluted earnings per share	**1,265.54**	(248.66)

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**10,855,478**	7,557,903
Weighted average number of equity shares used in the calculation of Diluted EPS	**10,855,478**	7,557,903

Note No. 30 - Employee benefits Contribution

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 86.01 Laks (2016 : Rs. 69.26 Laks) has been recognised in the Statement of Profit and Loss under the head Employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company has a gratuity plan covering qualifying employees. The benefit vests 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, the gratuity is payable irrespective of vesting.

Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Asset volatility

Through its benefits plan the Company is exposed to a number of risk, most significant of which are detailed below:-

Salary Increases

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate

Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Defined benefit plans

(Amount in Rs. Lakhs)

Particulars	Un Funded Plan Gratuity		Unfunded Plans Post retirement medical	
	2017	2016	**2017**	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:	**4.89**	(11.53)	**(1.44)**	0.10
Service cost				
Current service cost	**43.95**	30.20	**5.30**	0.63
Net interest expense	**10.41**	8.80	**1.12**	0.99
Components of defined benefit costs recognised in profit or loss	**54.36**	39.00	**6.42**	1.62
Remeasurement on the net defined benefit liability				
Actuarial gains and loss arising form changes in financial assumptions	**13.38**	(2.66)	**1.39**	0.25
Actuarial gains and loss arising form experience adjustments	**(8.49)**	(4.83)	**(2.83)**	(0.19)
Actuarial gains and loss arising form Demographic adjustments	**–**	(4.04)	**–**	0.04
Components of defined benefit costs recognised in other comprehensive income	**4.89**	(11.53)	**(1.44)**	0.10
I. Net Asset/(Liability) recognised in the Balance Sheet as at March, 31st				
1. Present value of defined benefit obligation as at March 31st	**187.39**	130.97	**19.12**	14.14
2. Fair value of plan assets as at March 31st	**–**	–	**–**	–
3. Surplus/(Deficit)	**(187.39)**	(130.97)	**(19.12)**	(14.14)
4. Current portion of the above	**5.34**	3.74	**0.01**	0.68
5. Non current portion of the above	**182.05**	127.23	**19.11**	13.46
II. Change in the obligation during the year ended March, 31st				
1. Present value of defined benefit obligation at the beginning of the year	**130.97**	110.68	**14.14**	12.42
2. *Expenses Recognised in Profit and Loss Account*				
– Current Service Cost	**43.95**	30.20	**5.30**	0.63
– Past Service Cost				
– Interest Expense (Income)	**10.41**	8.80	**1.12**	0.99
3. *Recognised in Other Comprehensive Income* Remeasurement gains/ (losses)				
– Actuarial Gain (Loss) arising from:				
i. Demographic assumptions	**–**	(4.04)	**–**	0.04
ii. Financial assumptions	**13.38**	(2.66)	**1.39**	0.25
iii. Experience adjustments	**(8.49)**	(4.83)	**(2.83)**	(0.19)
4. Benefit payments	**(2.83)**	(7.18)	**–**	–
Present value of defined benefit obligation at the end of the year	**187.39**	130.97	**19.12**	14.14

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Actuarial assumptions				
1. Discount rate	7.35%	7.95%	7.35%	7.95%
2. Salary Increase	10.00	10.00	10.00	10.00
3. Attrition rate				
40 to 30 years	5.00	5.00	5.00	4.00
31 to 44 years	4.00	4.00	4.00	3.00
above 44 years	3.00	3.00	3.00	2.00
4. Medical premium inflation	–	–	3.00	3.00
5. In service morality	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amount in Rs. Lakhs)

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	**Decrease in assumption**
Discount rate				
	2017	**0.50%**	**(12.09)**	**13.30**
	2016	0.50%	(8.19)	9.01
Salary growth rate				
	2017	**0.50%**	**12.90**	**(11.86)**
	2016	0.50%	8.79	(8.08)
Medical Inflation rate				
	2017	**0.50%**	**(1.40)**	**1.42**
	2016	0.50%	1.45	(1.31)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2017	2016
Within 1 year	**5.34**	3.74
1 - 2 year	**5.36**	4.04
2 - 3 year	**5.48**	5.74
3 - 4 year	**5.44**	4.06
4 - 5 year	**7.99**	4.24
5 - 6 years	**5.72**	5.23
6 years onwards	**152.06**	103.92

Note No. 31 - Financial Instrument

Capital management

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.

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 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 is not subject to externally enforced capital regulation.

The following table summarises the capital of the Company :

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Share Capital	**1,493.32**	846.20	716.93
Other Equity	**24,773.67**	9,057.51	7,017.79
Total Equity	**26,266.99**	9,903.71	7,734.72

The following methods and assumptions were used to estimate the fair values :

The following table categorise the financial instruments measured at fair value Companyed into Level 1 to Level 3, as described below.

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Categories of financial assets and financial liabilities

As at March 31, 2017

(Amount in Rs. Lakhs)

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other Financial Assets				
– Security Deposit	**106.77**	**–**	**–**	**106.77**
Current Assets				
Other Financial Assets				**–**
– Security Deposit	**91.51**	**–**	**–**	**91.51**
Current Liabilities				
Borrowings	**13,000.00**	**–**	**–**	**13,000.00**
Trade Payables	**13,454.93**	**–**	**–**	**13,454.93**

Gearing Ratio	
Net Debt	**13,000.00**
Equity Ratio	**26,266.99**
Net Debt to Equity Ratio	**0.49**

As at March 31, 2016

(Amount in Rs. Lakhs)

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other Financial Assets				–
– Security Deposit	137.57	–	–	137.57
Current Assets				
– Security Deposit	62.34	–	–	62.34
Current Liabilities				
Borrowings	1,103.56	–	–	1,103.56
Trade Payables	1,050.82	–	–	1,050.82

Gearing Ratio	
Net Debt	1,103.56
Equity Ratio	9,903.71
Net Debt to Equity Ratio	0.11

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

The Company manages risk through finance department, which evaluates and exercises independent control over the entire process of market risk management. The Company operates a risk management policy and a program that that performs close monitoring of and responding to each risk factors which includes management of cash resources and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is majorily dealing with creditworthy counterparties i.e government agencies and big companies with international repute. Company has negligible history of bad debts in the past.

Company has strong system to manage receivable . Ageing analysis is being done where monthly emails are send to marketing to minimise the risk and regular followup is done to realise the receivables.

The credit risk on fixed deposits is limited because the counterparties are banks with high credit-ratings assigned by domestic credit-agencies.

Customers are basically State police or Army dealing for majority of them is done on credit basis.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date.

The loss allowance provision is determined as follows:

As at March 31, 2017

(Amount in Rs. Lakhs)

Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	**10,973.86**	**9,480.23**	**759.41**	**21,213.50**
Loss allowance	**–**	**–**	**(210.69)**	**(210.69)**
Net balance	**10,973.86**	**9,480.23**	**548.72**	**21,002.81**

As at March 31, 2016

(Amount in Rs. Lakhs)

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	–	1,458.93	356.28	1,815.21
Loss allowance	–	–	(171.31)	(171.31)
Net balance	–	1,458.93	184.97	1,643.90

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in Rs. Lakhs)

Particulars	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**5 years and above**
Non-derivative financial liabilities				
As at March 31, 2017				
Trade Payable	**13,454.93**	**–**	**–**	**–**
Borrowing	**13,000.00**	**–**	**–**	**–**
Other Financial Liabilities	**2.10**	**–**	**–**	**–**
Total	**26,457.03**	**–**	**–**	**–**
As at March 31, 2016				
Trade Payable	1,050.82	–	–	–
Borrowing	1,103.56	–	–	–
Other Financial Liabilities	12.58	–	–	–
Total	2,166.96	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs. Lakhs)

Particulars	**Less than 1 Year**	**1-3 Years**	**3 -5 Years**	**5 years and above**
Non-derivative financial assets				
As at March 31, 2017				
Security Deposit	**91.51**	**106.77**	**–**	**–**
Trade Receivable	**19,851.72**	**899.79**	**251.30**	**–**
Cash & Cash Equivalent	**3,687.46**	**–**	**–**	**–**
Total	**23,630.69**	**1,006.56**	**251.30**	**–**
As at March 31, 2016				
Security Deposit	62.34	39.41	98.16	–
Trade Receivable	1,643.90	–	–	–
Cash & Cash Equivalent	280.16	–	–	–
Total	1,986.40	39.41	98.16	–

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises one types of risk: currency risk . The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	**Currency**	**March 31, 2017**	March 31, 2016
Trade Receivables	USD	**10.08**	3.73
Trade Receivables	CAD	**–**	0.02
Trade Payables	USD	**13.41**	0.09

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Particulars	**Currency**	**March 31, 2017**	March 31, 2016
Trade Receivables	USD	**10.08**	3.73
Trade Receivables	CAD	**–**	0.02
Trade Payables	USD	**13.41**	0.09

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD ,CAD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax
As at March 31, 2017	**USD**	**+10%**	**(21.58)**
	USD	**-10%**	**21.58**
As at March 31, 2016	USD	+10%	24.08
	USD	-10%	(24.08)
	CAD	+10%	0.08
	CAD	-10%	(0.08)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note No 32 - Fair Valuation Techniques and Inputs used - recurring Items

Fair value of financial assets and financial liabilities that are not measured at fair value

Except as detailed in the following table, the directors consider that the carrying amount of financial assets and financials liabilities recognised in the financial statements approximate their fair values.

(Amount in Rs. Lakhs)

	At at March 31, 2017		At at March 31, 2016	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**19,851.72**	**19,851.72**	1,643.90	1,643.90
– deposits and similar assets	**91.54**	**91.54**	63.83	63.83
Financial liabilities				
Financial liabilities held at amortised cost				
– loans repayable on demand to bank	**13,000.00**	**13,000.00**	1,103.56	1,103.56
– trade and other payables	**13,457.03**	**13,457.03**	1,063.40	1,063.40
Total	**46,400.29**	**46,400.29**	3,874.69	3,874.69

Note No. 33 - Leases

Details of leasing arrangements

The Company has entered into cancelable / non cancelable operating lease arrangements for certain office premises. The non-cancelable leases are for a period of 1 to 5 years and cancellable lease can be arrangements are normally renewed on expiry. Operating lease charge amounting to Rs. 455.83 Lakhs (previous year Rs. 379.24 Lakhs) has been debited to the statement of profit and loss during the year. Future minimum lease payments under non cancellable operating leases as of March 31, 2017 are as follows :

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Details of leasing arrangements		
Future minimum lease payments		
not later than one year	**276.76**	227.52
later than one year and not later than five years	**496.87**	675.88
later than five years	**–**	–
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**455.83**	379.24
Sub-lease payments	**–**	–
Contingent rents (state basis)	**–**	–

Note No 34 - Related party transactions

A)	Name of related party	Nature of Relationship
1	Mahindra & Mahindra Limited (M&M)	Holding company
2	Defence Land Systems India Limited (w.e.f. 18 November 2016)	Subsidiary Company
	Mahindra Defence Naval Systems Private Limited	Subsidiary Company
	Mahindra Telephonics Integrated Systems Limited	Joint Venture
	Defence Land Systems India Limited (till 17th November 2016)	Fellow subsidiary and associate company
	Mahindra Life Space Developers Limited	Fellow subsidiary
	Mahindra Homes Private Limited	Fellow subsidiary
	Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
	Mahindra USA Inc	Fellow subsidiary
	Mahindra Vehicle Manufacturers Limited	Fellow subsidiary
	Mahindra First Choice Service Limited	Fellow subsidiary
	Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
	Mahindra Logistic Limited	Fellow subsidiary
	Mahindra Holiday & Resorts India Limited	Fellow subsidiary
	Mahindra EPC Services Private Limited	Fellow subsidiary
	Mahindra Retail Private Limited	Fellow subsidiary
	Mahindra Shubhlabh Services Limited	Fellow subsidiary
	Mahindra Heavy Engines Limited	Fellow subsidiary
	Mahindra Emirates Vehicle Armouring FZ-LLC	Fellow subsidiary
	Mahindra Sanyo Special Steel Private Limited	Fellow subsidiary
	Mahindra World City (Jaipur) Limited	Fellow subsidiary
	Tech Mahindra Limited	Associates
	Mr. ShriPrakash Shukla	Managing Director

B) Details of transactions with above related parties (Inclusive of taxes):

(Amount in Rs. Lakhs)

	For the year ended March 31, 2017					For the year ended March 31, 2016				
Nature of transactions	**Holding company**	**Subsidiaries**	**Fellow Subsidiaries and associate**	**Joint venture**	**Key Managerial Personnel**	Holding company	Subsidiaries	Fellow Subsidiaries and associate	Joint venture	Key Managerial Personnel
Purchases										
Purchase of goods	**19.04**	**–**	**–**	**–**	**–**	256.40	–	–	–	–
Purchase of service	**–**	**–**	**535.63**	**–**	**–**	–	–	1.51	–	–
Job work charges	**–**	**206.08**	**–**	**–**	**–**	–	–	793.75	–	–
Purchase of Fixed asset	**–**	**–**	**–**	**–**	**–**	35.64	–	–	–	–
Revenue										
Sale of service	**149.40**	**–**	**58.42**	**–**	**–**	166.57	–	11.45	–	–
Service charges recovered	**–**	**24.61**	**–**	**139.59**	**–**	–	1.75	20.84	133.38	–
Sale of Goods	**–**	**–**	**8,904.25**	**–**	**–**	–	–	–	–	–
Remuneration	**–**	**–**	**–**	**–**	**5.87**	–	–	–	–	–
Other transactions										
Office Rent	**152.66**	**–**	**0.06**	**–**	**–**	185.29	–	–	–	–
Reimbursement of expenses paid	**180.73**	**–**	**–**	**–**	**–**	193.17	–	–	–	–
Reimbursement of expenses received	**12.45**	**–**	**0.76**	**–**	**–**	8.18	–	1.06	–	–
Investment in equity shares of subsidiaries	**–**	**15,100.00**	**–**	**–**	**–**	–		–	1,110.00	–
Investment in equity shares of fellow subsidiaries	**–**	**–**	**–**	**–**	**–**	–	–	1,300.00	–	–
Issue of equity shares (including premium)	**15,100.00**	**–**	**–**	**–**	**–**	2,410.00	–	–	–	–
Remuneration to Key Managerial person	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Security deposit given	**–**	**–**	**–**	**–**	**–**	–	4.00	4.00	6.00	–
Outstanding balances as at the year end										
Trade receivables (Including advances to vendors)	**34.27**	**16.04**	**8,911.14**	**32.17**	**–**	–	2.00	7.52	18.34	–
Trade payables (including customer advances)	**(286.35)**	**(157.27)**	**(406.37)**	**–**	**(5.87)**	(287.85)	–	(35.82)	–	–

Significant related party transactions included in the above are as under:-

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Job Work Charges		
Defence Land System Limited	**206.08**	793.75
Service charges recovered		
Defence Land System Limited	**22.52**	20.84
Mahindra Defence Naval System Limited	**2.09**	1.75
Mahindra Telephonics System Limited	**139.59**	133.38
Investment in equity shares		
Defence Land System Limited	**15,100.00**	1,300.00
Mahindra Telephonics System Limited	**–**	1,110.00
Security deposit given		
Defence Land System Limited	**–**	4.00
Mahindra Telephonics System Limited	**–**	6.00
Mahindra Defence Naval System Limited	**–**	4.00
Sales of Services		
Tech Mahindra Limited	**5.22**	–
Mahindra Vehicle Manufacturers	**14.87**	2.02
Mahindra & Mahindra Financials	**16.23**	2.58
Mahindra Emirates Vehicle	**16.24**	–
MAHINDRA HOLIDAYS & RESORTS	**–**	2.79
Mahindra Shubhlabh Services Ltd	**–**	3.25
Sales of Goods		
Tech Mahindra Limited	**8,904.25**	–
Purchase of service		
Tech Mahindra Limited	**533.85**	–
Mahindra Integrated Business Solution	**1.78**	1.51
Remuneration		
Mr. ShriPrakash Shukla	**5.87**	–
Other transactions - Office Rent		
Mahindra World City Limited	**0.06**	–
Reimbursement of expenses received		
MAHINDRA LIFESPACE DEVELOPERS LTD.	**0.25**	0.25
Mahidnra Vehicle Manufacturers	**0.51**	0.11
Mahindra CIE Automotive Ltd.	**–**	0.10
Mahindra Shubhlabh Services Ltd	**–**	0.60
Closing balance as the year end - Receivables/(Payables)		
Defence Land System Limited	**(143.13)**	(33.67)
Mahindra Defence Naval System Limited	**1.90**	2.00
Tech Mahindra	**8,499.47**	–
MAHINDRA LIFESPACE DEVELOPERS LTD.	**0.02**	(2.15)
Mahindra & Mahindra Financials	**3.31**	1.83
Mahindra Telephonics System Limited	**32.17**	18.34
Mahindra Logistics Limited	**–**	5.69
Mr. ShriPrakash Shukla	**(5.87)**	–

Note No. 35 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at March 31, 2016 and April 01, 2015:

(Amount in Rs. Lakhs)

Particulars	Note No.	As at March 31, 2016	As at April 01, 2015
Equity as reported under previous GAAP		9,904.62	7,735.17
Ind AS: Adjustments increase			
EIR adjustment in security deposits	1	(1.24)	(0.45)
Fair value adjustment in ESOP	2	0.33	–
Equity as reported under IND AS		9,903.71	7,734.72

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

(Amount in Rs. Lakhs)

Particulars	Note No.	For the year ended March 31, 2016
Loss as per previous GAAP		(240.55)
Ind AS: Adjustments increase (decrease):		
Fair value adjustment in security deposits	1	(0.79)
Fair value adjustment in ESOP	2	0.33
Remeasurement of defined benefit obligations recognised in other comprehensive income under IND-AS	3	(7.65)
Total adjustment to loss		(8.11)
Loss under Ind AS		(248.66)
Other comprehensive income	3	7.65
Total comprehensive income under Ind AS		(241.01)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Impact of Ind AS adoption on the statement of cash flows for the year ended 31st March 2016

(Amount in Rs. Lakhs)

Particulars	Note No.	Previous GAAP	Adjustment	Ind AS
Net cash flow from operating activities		(3,157.23)	0.00	(3,157.23)
Net cash flow from investing activities		(2,477.29)	0.00	(2,477.29)
Net cash flow from financing activities		3,484.92	(0.00)	3,484.92
Net increase/ (decrease) in cash and cash equivalents		(2,149.60)	0.00	(2,149.60)
Cash and cash equivalents as at 1 April 2015		2,175.70	(0.00)	2,175.70
Cash and cash equivalents as at 31 March 2016		26.10	(0.00)	26.10

S.No	Notes to first time adoption of IND AS
1.	Under previous GAAP, interest free lease security deposits are recorded at their transaction value. Under Ind AS all financial assets are required to be recorded at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposit has decreased. Prepaid rent has increased which has lead to decrease the equity . Profit has decreased due to amortization of prepaid rent which has partially offset by the notional interest income recognised in security deposit. Deferred Tax treatment has been done due to creation of temporary difference.
2.	Under previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the option as on the grant date. The change results in increase of total equity by Rs. 0.33 Lakhs and decrease in loss by Rs. 0.33 Lakhs for the year ended March 31, 2016.
3.	Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income.

Note no. 36 - Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Amount payable to supplier under MSMED (suppliers) as at the end of year		
– Principal	**1,127.50**	–
– Interest due there on	**3.10**	–
Payment made to supplier beyond the appointed day during the year		
– Principal	**33.40**	–
– Interest due there on	**–**	–
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED	**–**	–
Amount of interest accrued and remaining unpaid as at the end of year	**3.10**	–
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**6.83**	–

Note No. 37 - Information in respect of Options granted under the Holding Company's Employee Stock Option Schemes ('Schemes')

The employees of the Company covered under Mahindra & Mahindra limited (Holding company) Employee Stock Option Scheme (M&M ESOS) are granted an option to purchase shares of Mahindra & Mahindra Limited in accordance with the terms and conditions of the scheme as approved by Mahindra & Mahindra Limited from time to time. Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of Mahindra & Mahindra Limited of Rs. 5.00 each upon payment of the exercise price during the exercise period.

The Options have been granted at the 'market price' as defined from time to time under the erstwhile 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. The fair value of the options granted is determined using the Black Scholes Option Pricing model at the grant date.

The scheme has been recognized as cash settled share based payment scheme in accordance with Ind AS 102 – Share Based Payment. The fair value of options granted is recognized as employee benefits expense and are considered as capital contribution, net of reimbursements, if any. The total cost recognized during the year amounted to Rs. 7.91 Lakhs (previous year - Rs. 6.94 Lakhs). The Company consider these amounts as not material and accordingly has not provided for the disclosures.

Note No. 38 - Contingency

The Company does not have any pending litigations which would impact its financial position.

Note No. 39(a) - The estimated amount of contract remaining to be executed on capital amount and not provided for (Net of advances) amount to Rs. Nil (Previous year Rs. Nil).

Note No. 39(b) - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Note No. 40 - There are no amounts that are due to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.

Note No. 41 - As per the notification of Ministry of Corporate Affairs (MCA) dated March 30, 2017, the details in respect of specified bank notes (SBN) is

Particulars	SBN	Other Denomination	Total
Closing cash in hand as on November 8, 2016	0.51	0.06	0.57
(+) Permitted receipts	–	0.50	0.50
(–) Permitted payments	–	0.37	0.37
(–) Amount Deposited in Banks	0.51	–	0.51
Closing cash in hand as on December 30, 2016	–	0.19	0.19

Note No. 42 - Company has filed a request for Merger of Defence Land Systems India Limited (Subsidiary company) with it as per Sections 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 before the Bench of the National Company Law Tribunal during the year with the appointed date as January 01, 2017. As on March 31, 2017 Tribunal hearing is going on and order for merger is expected in August 2017.

For and on behalf of Board of Directors

Mukul Verma	Chief Financial Officer
S. P. Shukla DIN : 00007418	Director
V. S. Parthasarathy DIN : 00125299	Director
Rajesh Parte	Company Secretary

Place : Mumbai
Date : May 02, 2017

AOC - 1

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 Lakh)

Sl. No.	Particulars	Details	Details	Details
1.	Name of the Subsidiary Company	Mahindra Telephonics Integrated Systems Limited (Subsidiary Company)	Mahindra Defence Naval Systems Private Limited (Subsidiary Company)	Defence Land Systems Limited (Subsidiary Company)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company's reporting period	Same as Holding Company's reporting period	Same as Holding Company's reporting period
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
4.	Share capital	5078.43	1503.13	21900.00
5.	Reserves & surplus	(1988.28)	(908.84)	(9872.56)
6.	Total assets	3970.11	1709.97	13785.58
7.	Total Liabilities	879.96	1115.68	1758.14
8.	Investments	–	–	770.37
9.	Turnover	2265.14	1328.78	3279.13
10.	Profit/(Loss) before taxation	(443.89)	(753.33)	(878.71)
11.	Provision for taxation	–	–	–
12.	Profit/(Loss) after taxation	(443.89)	(753.33)	(878.71)
13.	Proposed Dividend	–	–	–
14.	% of shareholding	51%	100%	100%

Additional Information:

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 & JOINT VENTURES : None

1) Names of associates or joint ventures which are yet to commence operations : Nil

2) Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN : 00007418

Mukul Verma
Chief Financial Officer

V. S. Parthasarathy Director
DIN : 00125299

Rajesh Parte Company Secretary

Place : Mumbai
Date : May 02, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Annual Report together with the Financial Statements of your Company for the Financial Year ended 31st March, 2017.

(Amount in AED/INR.)

Financial Highlights	**For the year ended 31st March, 2017**		For the year ended 31st March, 2016	
	AED	**INR**	AED	INR
Total Income	**32,610,552**	**594,164,257**	26,524,311	478,233,328
Profit/(Loss) before Depreciation & Interest	**4,061,846**	**74,006,834**	4,820,427	86,912,300
Less: Depreciation	**735,268**	**13,396,583**	663,090	11,955,512
Profit/(Loss) before Interest	**3,326,578**	**60,610,251**	4,157,337	74,956,788
Less: Interest	**39,329**	**716,574**	75,468	1,360,688
Profit/(Loss) for the year	**3,287,249**	**59,893,677**	4,081,869	73,596,100
Balance carried to Balance Sheet	**3,287,249**	**59,893,677**	4,081,869	73,596,100

Review of Operations

During the year, your company's Net Revenue grew by 23% compared to the previous year. During the year, your Company added new Heavy APC (Armoured personnel carrier) to its product line. Company continues to enjoy good reputation in the market due to uncompromised quality and customer commitment.

Board of Directors

Current composition of Board of Directors is as follows:

Sl. No.	**Name of the Director**	**Designation**
1	Mr. Shriprakash Shukla	Chairman
2	Mr. Pattathu Sultan Mohamed Habibulla Khan	Vice Chairman
3	Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi	Director
4	Mr. Zhooben Dosabhoy Bhiwandiwala	Director
5	Mr. Kandasamy Chandrasekar	Director
6	Mr. Mukul Verma	Director
7	Mr. Mohamed Farook Rawoof Ali.	Director

Directors' Responsibility Statement

Your Directors state that:

(i) in the preparation of the annual accounts, the applicable International Financial Reporting Standards (IFRS) have been followed;

(ii) the Directors 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 31st March, 2017 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 and 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.

Audit Committee

The Audit Committee of your Company comprises of Mr. Shriprakash Shukla, Mr. Zhooben Dosabhoy Bhiwandiwala, Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi and Mr. Mohammed Farook Rawoof Ali.

Remuneration Committee

The Remuneration Committee of your Company comprises of Mr. Shriprakash Shukla, Mr. Mukul Verma, Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi and Mr. Pattatu Sultan Mohamed Habibulla Khan.

Auditors

Your Board recommends to the Shareholders the appointment of Messrs. Deloitte & Touche (M.E), Sharjah-UAE as Statutory Auditors of your Company for the financial year 2017 – 2018. Messrs. Deloitte & Touché (M.E), Sharjah-UAE have expressed their willingness for the same.

The Shareholders are requested to appoint Auditors for the current financial year 2017-2018 and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Acknowledgements

Your Board takes this opportunity to thank the Ultimate Holding Company, Mahindra and Mahindra Limited and Shareholders viz Mahindra Overseas Investment Company (Mauritius) Limited, Arabia Holdings Limited and RAK Transport Investment Company LLC for their valuable contribution towards the growth of your Company during the year under review.

For and on Behalf of the Board

Shriprakash Shukla
Chairman

Place : **RAS AL KHAIMAH, U.A.E**
Date : 30th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mahindra Emirates Vehicle Armouring FZ-L.L.C.
Ras Al Khaimah, UAE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Mahindra Emirates Vehicle Armouring FZ-L.L.C. (the "Company")**, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.3 to the financial statements, the INR Amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users. Such supplementary information does not form part of the financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Company and UAE Federal Law No. (2) of 2015, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- the Company has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Company's books of account;
- the Company has not purchased or invested in any shares during the financial year ended 31 March 2017;
- note 12 and 14 to the financial statements of the Company discloses material related party balances, transactions and the terms under which they were conducted; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2017.

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386

30 April 2017
Sharjah, United Arab Emirates

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR	2016 AED	Unaudited Supplementary Information (refer note 2.3) 2016 INR
ASSETS					
Non-current assets					
Property and equipment	5	**2,296,251**	**41,837,693**	2,269,766	40,923,881
Current assets					
Inventories	6	**9,764,962**	**177,917,607**	10,067,305	181,513,509
Trade and other receivables	7	**10,850,212**	**197,690,863**	2,089,304	37,670,151
Cash and cash equivalents	8	**1,073,179**	**19,553,321**	4,092,436	73,786,621
Total current assets		**21,688,353**	**395,161,791**	16,249,045	292,970,281
Total assets		**23,984,604**	**436,999,484**	18,518,811	333,894,162
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	**10,000,000**	**182,200,000**	10,000,000	180,300,000
Statutory reserve	9	**1,011,157**	**18,423,281**	682,432	12,304,249
Retained earnings/(accumulated losses)		**1,931,121**	**35,185,025**	(1,027,403)	(18,524,076)
Total equity		**12,942,278**	**235,808,306**	9,655,029	174,080,173
Non-current liabilities					
Provision for employees' end of service benefits	10	**621,889**	**11,330,818**	441,135	7,953,664
Current liabilities					
Bank borrowings	11	**1,890,618**	**34,447,060**	–	–
Trade and other payables	12	**8,529,819**	**155,413,300**	8,422,647	151,860,325
Total current liabilities		**10,420,437**	**189,860,360**	8,422,647	151,860,325
Total liabilities		**11,042,326**	**201,191,178**	8,863,782	159,813,989
Total equity and liabilities		**23,984,604**	**436,999,484**	18,518,811	333,894,162

For and on behalf of the Board

K. Chandrasekar
P.S.M. Habibulla Khan } Director
Yousef Mohammed Esmaeel Mohammed Al Belooshi

Rajiv Gupta CEO

Johnmon Xavier CFO

The accompanying notes form an integral part of these financial statements.

Place: Ras al khaimah

Date : 30th April 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 AED	**Unaudited Supplementary Information (refer note 2.3) 2017 INR**	2016 AED	Unaudited Supplementary Information (refer note 2.3) 2016 INR
Revenue		**32,508,218**	**592,299,732**	26,411,893	476,206,431
Cost of revenue		**(23,729,670)**	**(432,354,587)**	(17,982,445)	(324,223,483)
Gross profit		**8,778,548**	**159,945,145**	8,429,448	151,982,948
General and administrative expenses	**13**	**(4,645,735)**	**(84,645,292)**	(4,013,247)	(72,358,843)
Business promotion expenses		**(908,569)**	**(16,554,127)**	(371,282)	(6,694,214)
Finance cost		**(39,329)**	**(716,574)**	(75,468)	(1,360,688)
Other income		**102,334**	**1,864,525**	112,418	2,026,897
Profit for the year		**3,287,249**	**59,893,677**	4,081,869	73,596,100
Other comprehensive income		**–**	**–**	–	–
Total comprehensive income for the year		**3,287,249**	**59,893,677**	4,081,869	73,596,100

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital	Statutory reserve	Retained earnings/ (accumulated losses)	Total
	AED	AED	AED	AED
Balance at 31 March 2015	10,000,000	274,245	(4,701,085)	5,573,160
Total comprehensive income for the year	–	–	4,081,869	4,081,869
Transfer to statutory reserve	–	408,187	(408,187)	–
Balance at 31 March 2016	10,000,000	682,432	(1,027,403)	9,655,029
Total comprehensive income for the year	–	–	3,287,249	3,287,249
Transfer to statutory reserve	–	328,725	(328,725)	–
Balance at 31 March 2017	**10,000,000**	**1,011,157**	**1,931,121**	**12,942,278**

Unaudited Supplementary Information (refer note 2.3)

	Share capital	Statutory reserve	Retained earnings/ (accumulated losses)	Total
	INR	INR	INR	INR
Balance at 31 March 2015	169,700,000	4,653,937	(79,777,412)	94,576,525
Total comprehensive income for the year	–	–	73,596,098	73,596,098
Transfer to statutory reserve	–	7,359,612	(7,359,612)	–
Effect of foreign exchange differences	10,600,000	290,700	(4,983,150)	5,907,550
Balance at 31 March 2016	180,300,000	12,304,249	(18,524,076)	174,080,173
Total comprehensive income for the year	–	–	59,893,677	59,893,677
Transfer to statutory reserve	–	5,989,368	(5,989,368)	–
Effect of foreign exchange differences	1,900,000	129,664	(195,208)	1,834,456
Balance at 31 March 2017	**182,200,000**	**18,423,281**	**35,185,025**	**235,808,306**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR	2016 AED	Unaudited Supplementary Information (refer note 2.3) 2016 INR
Cash flows from operating activities				
Profit for the year	**3,287,249**	**59,893,677**	4,081,869	73,596,100
Adjustments for:				
Depreciation of property and equipment	**735,268**	**13,396,582**	663,090	11,955,512
Provision for employees' end of service benefits	**208,902**	**3,806,193**	121,653	2,193,403
Allowance for slow-moving inventories	**–**	**–**	71,065	1,281,302
Finance cost	**39,329**	**716,574**	75,468	1,360,688
Operating cash flow before changes in operating assets and liabilities	**4,270,748**	**77,813,026**	5,013,145	90,387,005
Decrease/(increase) in inventories	**302,343**	**3,595,902**	(7,786,744)	(142,887,718)
Increase in trade and other receivables	**(8,760,908)**	**(160,020,712)**	(132,926)	(4,470,416)
Increase in trade and other payables	**107,172**	**3,552,975**	6,128,293	112,925,138
Cash (used in)/generated from operating activities	**(4,080,645)**	**(75,058,809)**	3,221,768	55,954,009
Employees' end of service benefits paid	**(28,148)**	**(512,857)**	(12,317)	(222,076)
Finance cost paid	**(39,329)**	**(716,574)**	(75,468)	(1,360,688)
Net cash (used in)/generated from operating activities	**(4,148,122)**	**(76,288,240)**	3,133,983	54,371,245
Cash flows from investing activities				
Purchase of property and equipment	**(761,753)**	**(13,879,140)**	(777,970)	(14,026,800)
Cash used in investing activities	**(761,753)**	**(13,879,140)**	(777,970)	(14,026,800)
Cash flows from financing activities				
Net movement in bank borrowings	**1,890,618**	**34,447,060**	–	–
Net cash generated from financing activities	**1,890,618**	**34,447,060**	–	–
Net (decrease)/increase in cash and cash equivalents	**(3,019,257)**	**(55,720,320)**	2,356,013	40,344,445
Cash and cash equivalents at beginning of the year	**4,092,436**	**73,786,621**	1,736,423	29,467,098
Effect of foreign exchange differences	**–**	**1,487,020**	–	3,975,078
Cash and cash equivalents at end of the year (Note 8)	**1,073,179**	**19,553,321**	4,092,436	73,786,621

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General

Mahindra Emirates Vehicle Armouring FZ - L.L.C. – Ras Al Khaimah (the "Company"), is registered in the Emirate of Ras Al Khaimah, United Arab Emirates as a free zone – Limited Liability Company under the trade and industrial licences issued by RAK Investment Authority, Government of Ras Al Khaimah.

The principal activities of the Company are trading and assembling of automobiles, specialised vehicles, auto spare parts & components, auto accessories, special accessories fitting, tyres and rims and manufacturing of vehicle bodies and vehicle upholstery services.

The registered address of the Company is P.O. Box 39893, Ras Al Khaimah, United Arab Emirates.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in *Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IFRS 4 Insurance Contracts: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

New and revised IFRSs	Effective for annual periods beginning on or after
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: • **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised • **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 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. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018

New and revised IFRSs	Effective for annual periods beginning on or after
Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

2.3 Convenience translation

In addition to presenting the financial statements in AED, supplementary information in INR has been prepared for the convenience of users of the financial statements.

All amounts are translated from AED to INR at the closing exchange rate at 31 March 2017 INR 18.22 to 1 AED (31 March 2016: INR 18.03).

3. Summary of significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The principal accounting policies adopted are set out below.

3.3 Revenue recognition

Revenue represents the invoiced value of goods sold during the year, net of discounts and returns.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

- 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment (if any).

The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is charged as to write off the cost of property and equipment, on a straight line basis over the expected useful economic lives of the assets concerned. The useful lives used for this purpose are:

Leasehold improvements	10 years
Machinery and equipment	7-8 years
Prototype	4 years
Motor vehicles	4 years
Furniture and equipment	4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3.5 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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.

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 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 cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis and includes invoiced cost, freight and handling costs. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.7 Provisions

Provisions are recognised 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 recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.8 Employee benefits

Annual leave and leave passage

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision for employee's end of services benefits

Provision is made for the full amount of end of service benefits due to employees in accordance with the U.A.E. Labour Law, for their period of service up to the reporting date.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

3.9 Foreign currency

For the purpose of these financial statements U.A.E Dirhams (AED) is the functional and the presentation currency of the Company.

Transactions in currencies other than AED (foreign currencies) are recorded 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.

Exchange differences are recognised in the profit or loss in the period in which they arise.

3.10 Leasing

Operating lease payments are recognised 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 recognised as an expense in the period in which they are incurred.

3.11 Financial assets

The Company has the following financial assets: Cash and cash equivalents and trade and other receivables (other than prepaid expenses and advance to suppliers). These financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

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 changes in value.

Loans and 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 initially measured at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 recognised in profit or loss.

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 recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or 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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.12 Financial liabilities and equity instruments issued by the Company

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 liabilities and an equity instruments.

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 recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables (other than advance from customers) are classified as 'other financial liabilities.

The effective interest method is a method of calculating the amortised 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 through the expected life of the financial liability or where appropriate, a shorter period.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for the short term payable when the recognition of interest would be immaterial.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions 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. Revision to accounting estimates are recognised in the period of the revision 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.

Critical judgments in applying the accounting policies

In the process of applying Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for slow moving inventories

Management has considered the requirement for an allowance for slow moving inventories. Management estimate the allowance for slow moving and obsolete inventories on the basis of prior experience, physical condition and expected future use of such inventory. Management has determined that there is no slow moving inventory except for provision created as at 31 March 2017.

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of the customers' financial conditions.

Useful lives and residual values of property and equipment

As described in note 3, to the financial statements the Company reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management has determined that these expectations do not differ from estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

5. Property and equipment

	Leasehold improvements AED	Machinery and equipment AED	Prototype AED	Motor vehicles AED	Furniture and equipment AED	Total AED
Cost						
31 March 2015	1,166,809	1,027,302	1,873,627	298,000	501,853	4,867,591
Additions	–	113,550	351,941	273,150	39,329	777,970
31 March 2016	1,166,809	1,140,852	2,225,568	571,150	541,182	5,645,561
Additions	–	702,103	–	–	59,650	761,753
Disposals	–	–	–	–	(27,019)	(27,019)
31 March 2017	**1,166,809**	**1,842,955**	**2,225,568**	**571,150**	**573,813**	**6,380,295**
Accumulated depreciation						
31 March 2015	460,829	550,769	972,851	280,483	447,773	2,712,705
Charge for the year	117,001	154,541	311,579	43,577	36,392	663,090
31 March 2016	577,830	705,310	1,284,430	324,060	484,165	3,375,795
Charge for the year	116,622	208,127	312,079	68,338	30,102	735,268
Eliminated on disposal	–	–	–	–	(27,019)	(27,019)
31 March 2017	**694,452**	**913,437**	**1,596,509**	**392,398**	**487,248**	**4,084,044**
Carrying amount						
31 March 2017	**472,357**	**929,518**	**629,059**	**178,752**	**86,565**	**2,296,251**
31 March 2016	588,979	435,542	941,138	247,090	57,017	2,269,766

Unaudited Supplementary Information (refer note 2.3)

	Leasehold improvements INR	Machinery and equipment INR	Prototype INR	Motor vehicles INR	Furniture and equipment INR	Total INR
Cost						
31 March 2015	19,800,749	17,433,315	31,795,450	5,057,060	8,516,445	82,603,019
Additions during the year	–	2,047,307	6,345,496	4,924,895	709,102	14,026,800
Effects of foreign exchange differences	1,236,817	1,088,940	1,986,045	315,880	531,964	5,159,646
31 March 2016	21,037,566	20,569,562	40,126,991	10,297,835	9,757,511	101,789,465
Additions	–	12,792,317	–	–	1,086,823	13,879,140
Disposals	–	–	–	–	(492,286)	(492,286)
Effects of foreign exchange differences	221,694	216,761	422,858	108,518	102,825	1,072,656
31 March 2017	**21,259,260**	**33,578,640**	**40,549,849**	**10,406,353**	**10,454,873**	**116,248,975**
Accumulated depreciation						
31 March 2015	7,820,268	9,346,550	16,509,281	4,759,797	7,598,708	46,034,604
Charge for the year	2,109,528	2,786,374	5,617,769	785,693	656,148	11,955,512
Effects of foreign exchange differences	488,479	583,815	1,031,223	297,312	474,639	2,875,468
31 March 2016	10,418,275	12,716,739	23,158,273	5,842,802	8,729,495	60,865,584
Charge for the year	2,124,853	3,792,074	5,686,079	1,245,118	548,458	13,396,582
Eliminated on disposal	–	–	–	–	(492,286)	(492,286)
Effects of foreign exchange differences	109,787	134,009	244,042	61,572	91,992	641,402
31 March 2017	**12,652,915**	**16,642,822**	**29,088,394**	**7,149,492**	**8,877,659**	**74,411,282**
Carrying amount						
31 March 2017	**8,606,345**	**16,935,818**	**11,461,455**	**3,256,861**	**1,577,214**	**41,837,693**
31 March 2016	10,619,291	7,852,823	16,968,718	4,455,033	1,028,016	40,923,881

6. Inventories

	Unaudited Supplementary Information (refer note 2.3) 2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR	Unaudited Supplementary Information (refer note 2.3) 2016 AED	Unaudited Supplementary Information (refer note 2.3) 2016 INR
Vehicles	**8,743,944**	**159,314,660**	6,122,846	110,394,913
Steel and carpets	**961,628**	**17,520,862**	2,988,354	53,880,023
Glasses	**95,924**	**1,747,735**	464,505	8,375,025
Others	**155,628**	**2,835,542**	761,892	13,736,913
	9,957,124	**181,418,799**	10,337,597	186,386,874
Allowance for slow-moving inventories	**(192,162)**	**(3,501,192)**	(270,292)	(4,873,365)
	9,764,962	**177,917,607**	10,067,305	181,513,509

During the year, allowance made for slow moving inventories amount to AED Nil (2016: AED 71,065) and amount written back during the year amounted to AED 78,130 (2016: AED Nil).

7. Trade and other receivables

	Unaudited Supplementary Information (refer note 2.3) 2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR	Unaudited Supplementary Information (refer note 2.3) 2016 AED	Unaudited Supplementary Information (refer note 2.3) 2016 INR
Trade receivables	**9,825,000**	**179,011,500**	122,040	2,200,381
Advances to suppliers	**89,900**	**1,637,978**	600,812	10,832,640
Prepaid expenses	**410,443**	**7,478,271**	476,043	8,583,055
Deposits and other receivables	**524,869**	**9,563,114**	890,409	16,054,075
	10,850,212	**197,690,863**	2,089,304	37,670,151

The average credit period ranges between 60-90 days. Trade receivables more than 90 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience in addition to specific provision made on identified customers.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (the receivable is more than 90 days outstanding) are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Analysis of receivables past due but not impaired:

	Unaudited Supplementary Information (refer note 2.3) 2017 AED	Unaudited Supplementary Information (refer note 2.3) 2017 INR	Unaudited Supplementary Information (refer note 2.3) 2016 AED	Unaudited Supplementary Information (refer note 2.3) 2016 INR
90-180 days	**8,000,000**	**145,760,000**	78,000	1,406,340
Above 180 days	**–**	**–**	–	–
	8,000,000	**145,760,000**	78,000	1,406,340

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

8. Cash and cash equivalents

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Current account with bank	**12,259**	**223,359**	246,653	4,447,154
Cash on hand	**13,927**	**253,750**	15,415	277,932
Fixed deposit	**1,046,993**	**19,076,212**	3,830,368	69,061,535
	1,073,179	**19,553,321**	4,092,436	73,786,621

9. Share capital and statutory reserve

9.1 Share capital

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Issued and fully paid up: 10,000 ordinary shares of AED 1,000 each	**10,000,000**	**182,200,000**	10,000,000	180,300,000

At 31 March 2017

The contribution by the Shareholders is as follows:

	No. of shares	**Percentage %**	**Amount AED**
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	5,100,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	3,700,000
	10,000	**100**	**10,000,000**

Unaudited Supplementary Information (refer note 2.3)

The contribution by the Shareholders is as follows:

	No. of shares	**Percentage %**	**Amount INR**
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	92,922,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	21,864,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	67,414,000
	10,000	**100**	**182,200,000**

At 31 March 2016

The contribution by the Shareholders is as follows:

	No. of shares	**Percentage %**	**Amount AED**
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	5,100,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	3,700,000
	10,000	**100**	**10,000,000**

Unaudited Supplementary Information (refer note 2.3)

The contribution by the Shareholders is as follows:

	No. of shares	**Percentage %**	**Amount INR**
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	91,953,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	21,636,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	66,711,000
	10,000	**100**	**180,300,000**

9.2 Statutory reserves

According to the requirements of the UAE Federal Law No. (2) of 2015, 10% of the net profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfer when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by law.

10. Provision for employees' end of service benefits

Movements in the net liability were as follows:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Balance at the beginning of the year	**441,135**	**7,953,664**	331,799	5,630,629
Amounts charged to income	**208,902**	**3,806,193**	121,653	2,193,403
Amount paid	**(28,148)**	**(512,857)**	(12,317)	(222,076)
Effects of foreign exchange differences	**–**	**83,818**	**–**	351,708
Balance at the end of the year	**621,889**	**11,330,818**	441,135	7,953,664

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

11. Bank borrowings

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Overdraft	**1,890,618**	**34,447,060**	–	–
Bank borrowings were repayable as follows:				
On demand or within one year	**1,890,618**	**34,447,060**	–	–

The Company obtained a bank overdraft facility of AED 7 million. Bank borrowings are secured against Demand Promissory Note, letter of installment with acceleration clause, letter of continuing security, possessory pledge over plant and machinery and assignment of lease hold right on land mortgage of factory building and letter of comfort from Shareholders.

12. Trade and other payables

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Trade payables	**1,476,544**	**26,902,632**	3,535,461	63,744,362
Advances received from customers	**4,511,698**	**82,203,138**	3,173,027	57,209,677
Accrued expenses and other payables	**2,541,577**	**46,307,531**	1,714,159	30,906,286
	8,529,819	**155,413,301**	8,422,647	151,860,325

Trade payables include due to related parties amounting to AED Nil (INR Nil) (31 March 2016: AED 242,290 (INR 4,368,489)).

The Company has financial risk management policies in place to ensure that all payables are paid within credit timeframe.

13. General and administrative expenses

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Staff salaries and benefits	**3,002,595**	**54,707,282**	2,091,608	37,711,692
Rent	**310,530**	**5,657,857**	274,217	4,944,133
Depreciation	**517,758**	**9,433,551**	495,897	8,941,023
Miscellaneous expenses	**814,852**	**14,846,602**	1,080,460	19,480,694
Allowance for slow moving inventories	–	–	71,065	1,281,301
	4,645,735	**84,645,292**	4,013,247	72,358,843

14. Related party transactions

Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

During the year, the Company entered into the following transactions with related parties:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Purchases	**198,147**	**3,610,238**	242,290	4,368,489
Sales	–	–	535,066	9,647,240

The Company has entered into transaction with related parties which were on substantially the same terms as those prevailing the same time for comparable transactions with third party.

Compensation of key management personnel:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Salaries and benefits	**494,060**	**9,001,773**	452,570	8,159,837

15. Operating lease arrangements

The Company has leased two plots of land from RAK Investment Authority under an operating lease agreement for a period of 10 years. The Company does not have an option to purchase the leased land at the expiry of lease period.

At 31 March 2017, the minimum lease commitments under the lease agreement were as follows:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Within one year	**717,724**	**13,076,922**	711,428	12,827,047
In second to fifth year	**1,871,952**	**34,106,967**	2,567,458	46,291,268
After five years	–	–	–	–
	2,589,676	**47,183,889**	3,278,886	59,118,315

16. Contingent liabilities

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2017 AED	**2017 INR**	2016 AED	2016 INR
Letters of guarantee	**1,017,257**	**18,534,423**	829,200	14,950,476

17. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the Shareholder.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising share capital and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

18. Financial instruments

18.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

18.2 Categories of financial instruments

	2017 AED	2016 AED
Financial assets		
Loans and receivables (including cash and cash equivalents)	**11,423,048**	5,104,885
Financial liabilities		
Amortised cost	**4,018,121**	5,249,620

	Unaudited Supplementary Information (refer note 2.3) 2017 INR	Unaudited Supplementary Information (refer note 2.3) 2016 INR
Financial assets		
Loans and receivables (including cash and cash equivalents)	**208,127,935**	92,041,077
Financial liabilities		
Amortised cost	**73,210,165**	94,650,648

Management considers that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values.

18.3 Financial risk management objectives

The Company's Finance Department, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

18.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

18.5 Foreign currency risk management

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the Dirham is fixed.

18.6 Interest rate risk management

The Company's exposure to interest rate risk is limited to call and short term deposits with banks at fixed interest rates linked to LIBOR. At 31 March 2017 bank deposits carried an interest rate in the range of 1.45% to 1.55% per annum (31 March 2016: 0.4% to 0.75% per annum).

18.7 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's accounts receivables. The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 26% (31 March 2016: 48%) of the Company's revenue is attributable to sales transactions with a single customer. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

18.8 Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk by maintaining adequate reserves, sufficient cash and cash equivalent and arranging the contributions from the Shareholders to ensure that the funds are available to meet its commitments for liabilities as they fall due. All financial assets and liabilities are expected to be matured within one year from the end of the reporting period.

19 Approval of the financial statements

The financial statements were approved by the Directors and authorised for issue 30 April 2017.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 9th (Ninth) Report along with the Standalone Audited Financial Statements of your Company for Financial Year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. In Lakhs)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Total Income	**0.27**	NIL
Loss before Depreciation, Finance Costs and Taxation	**9.61**	15,606.01
Less: Depreciation & Amortization	**NIL**	NIL
Loss before Finance Costs and Taxation	**9.61**	15,606.01
Less: Finance Costs	**NIL**	NIL
Loss before Tax	**9.61**	15,606.01
Less: Taxation	**NIL**	NIL
Loss for the Year	**9.61**	15,606.01
Balance of Loss for earlier years	**15,750.38**	144.37
Less: Transfer to/(from) Reserve	**NIL**	NIL
Less: Depreciation on transition to Schedule II of Companies Act, 2013	**NIL**	NIL
Profit available for Appropriation	**NIL**	NIL
Proposed Dividend on Equity Shares	**NIL**	NIL
Income Tax on proposed Dividend	**NIL**	NIL
Balance of Loss carried forward	**15,759.99**	15,750.38
Net worth	**(13,704.99)**	(13,695.38)

No material changes and commitments affecting the financial position of the Company have occurred after the close of the financial year till the date of this report.

OPERATIONS

The Company had an equity investment of Rs. 513 crores in Mahindra Retail Private Limited, a subsidiary company and the Company had made a provision for impairment of Rs. 156 Crores against the said investment during FY15-16.

DIVIDEND

Your Directors have not declared dividend in view of losses for the year under review.

SUBSIDIARY COMPANIES AND ASSOCIATES

The Company has only one subsidiary i.e. Mahindra Retail Private Limited as on 31st March, 2017. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

During the year under review, Mahindra Internet Commerce Private Limited, ceased to be an indirect subsidiary of your Company with effect from 22nd March, 2017.

During the year under review, your Company has made no further investment in subsidiary company. MRPL has not declared any dividend for the current financial year.

A Statement pursuant to Section 129(3) of the Companies Act, 2013 containing the salient features of the financial statements of the subsidiary company and its contribution to the overall performance of the Company, MRPL is provided in Form AOC – 1 and is attached as **Annexure I** to this Report.

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2017 stood at Rs. 21,00,00,000 comprising of 2,10,00,000 equity shares of Rs. 10 each.

There was no change in the Paid-up Share Capital of your Company during the year under review. Accordingly as on 31st March, 2017, the paid-up share capital of your Company stood at Rs. 20,55,00,000 comprising of 2,05,50,000 equity shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition

Presently, the Board comprises of the following Directors:

Name of Director(s)	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Parag Shah	00374944	Non-Executive Director	Non-Independent Director
*Mr. Amar Korde	01013355	Non-Executive Director	Non-Independent Director
Mr. Narayan Shankar	00109111	Non-Executive Director	Non-Independent Director
Mr. Ajay Mehta	07102804	Non-Executive Director	Independent Director
Mr. Noshir Dastur	00493177	Non-Executive Director	Independent Director

*Mr. Amar Korde has resigned as the Managing Director of the Company with effect from 7th November, 2016, however, he continues to be a Non-Executive Director on the Board of the Company.

Mr. Amar Korde (DIN 01013355), Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Ajay Mehta and Mr. Noshir Dastur, 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.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board of Directors met four times during the year under review on 23rd May, 2016, 23rd August, 2016, 28th November, 2016 and 8th February, 2017. The gap between two consecutive meetings did not exceed 120 days. The 8th Annual General Meeting of the Company was held on 22nd August, 2016.

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. Parag Shah	2
Mr. Amar Korde	2
Mr. Narayan Shankar	4
Mr. Noshir Dastur	3
Mr. Ajay Mehta	4

Meeting of Independent Directors

The Independent Directors of the Company met on 27th December, 2016 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 other 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

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

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:

(a) In the preparation of the annual accounts for the year ended 31st March, 2017 the applicable accounting standards have been followed and that there were no material departures in respect thereof;

(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 31st March, 2017 and of the Loss 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 had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared annual accounts on a going concern basis; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE

The Audit Committee met once during the year under review on 23rd May, 2016.

The Committee consists of following members and the attendance at the Meetings of the Audit Committee were as under.

Name of the Member	Designation	No. of Meetings attended
Mr. Noshir Dastur	Chairman	1
Mr. Parag Shah	Member	NIL
Mr. Ajay Mehta	Member	1

All the recommendation made by Audit Committee have been accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee met once during the year under review on 23rd May, 2016, which was attended by all the members.

The Nomination and Remuneration Committee consists of following members.

Name of the Member	Designation
Mr. Noshir Dastur	Chairman
Mr. Parag Shah	Member
Mr. Amar Korde	Member
Mr. Ajay Mehta	Member

KEY MANAGERIAL PERSONNEL (KMP)

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:

Sr. No.	Name	Designation
1	Mr. Mitesh Shah*	Chief Executive Officer (CEO)
2	Mr. Saroj Khuntia	Chief Financial Officer (CFO)
3	Mrs. Bhakti Khanna	Company Secretary (CS)

* Mr. Mitesh Shah was appointed as the Chief Executive Officer ('CEO') of the Company with effect from 28th April, 2017.

Mr. Amar Korde ceased to be the Managing Director of the Company on account of his resignation with effect from 7th November, 2016, however, he continues to be a Director of the Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND POLICY ON 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 remuneration of Directors, Key Managerial Personnel and other Employees.
- 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.

These policies are provided as **Annexure II** and forms part of this Report.

RISK MANAGEMENT POLICY

Your Company has formulated Risk Management Policy including therein the elements of risks 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 risks and enabling the Company to manage the same, if confronted with.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

STATUTORY AUDITORS

At the Seventh Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (Firm registration Number 105102W) was appointed as the Statutory Auditors of your Company for a period of five years. They hold office up to the conclusion of Twelfth Annual General Meeting to be held in the year 2020.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, members are requested to ratify the appointment of Statutory Auditors and fix their remuneration at the ensuing Ninth 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 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.

The provision relating to Internal Audit, Secretarial Audit and Cost Audit are not applicable to your Company.

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.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

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 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(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of 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 holding company Mahindra & Mahindra Limited

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made, guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements entered with related parties pursuant to Section 188(1) of the Companies Act, 2013. Further there were no transactions with related parties which are required to be disclosed under Form AOC-2, pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

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, 2017 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.

DEMATERIALISATION OF SHARES

The shares of your Company have been admitted for dematerialisation with National Securities Depository Limited during the year under review. The International Securities Identification Number (ISIN) allotted to the Company is INE132X01015.

REGISTRAR AND SHARE TRANSFER AGENT

During the year under review, M/s. Karvy Computershare Private Limited was appointed as the Registrar and Share Transfer Agent of the Company.

CORE INVESTMENT COMPANY

Your Company falls under the category of Core Investment Company as it holds majority of its assets as investments in group company/ies and does not engage in financing activity other than that of investments/guarantees/loans mainly relating to its group company/ies. It is a Non-Banking Financial Company (NBFC) and does not engage in financing activity similar to other NBFCs.

For the Financial Year ended on 31st March, 2017, the Company has –

- Total Assets (i.e. assets appearing on the assets side of balance sheet) amounting to Rs. 357.43 Crores.
- The Company's investments in Subsidiary Company stood at Rs. 357.37 Crores.

The Company is exempt from registration with RBI under Section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US)2011 dated 5th January, 2011 (issued under Section 45NC of the RBI Act).

GENERAL DISCLOSURES

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- The Company does not have a Managing Director/Whole Time Director.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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 and 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

Parag Shah Director

Place: Mumbai
Date: 28th April, 2017

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 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. in Lakhs**)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Retail Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A
3.	Date on which become subsidiary	3rd September, 2007
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A
5.	Share capital	74,846.32
6.	Reserves & surplus	(49,915.87)
7.	Total assets	42,698.27
8.	Total Liabilities	17,767.82
9.	Investments	NIL
10.	Turnover	18,146.16
11.	Profit before taxation	21,107.85
12.	Provision for taxation	3,600
13.	Profit after taxation	17,507.85
14.	Proposed Dividend	NIL
15.	% of shareholding	68.58%

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: Mahindra Internet Commerce Private Limited has ceased to be an indirect subsidiary with effect from 22nd March, 2017

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – NA

For and on Behalf of the Board

Narayan Shankar Director

Parag Shah Director

Place: Mumbai
Date: 28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

I. 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 Retail Initiative Holdings 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 Clause 49 of the Listing Agreement 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.

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) shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/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 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.

II. 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 Retail Initiative Holdings 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:

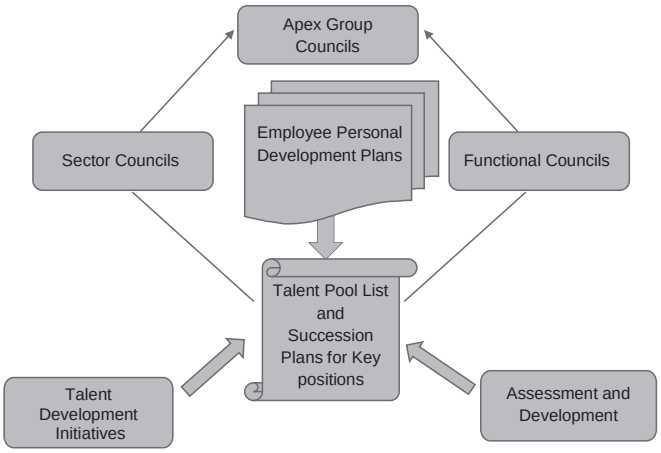
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

Narayan Shankar Director

Parag Shah Director

Place: Mumbai
Date: 28th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy: Not Applicable in view of the nature of activities carried on by your Company.

(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 31st March, 2017	For the Financial Year Ended 31st March, 2016
Total Foreign Exchange Earned	**NIL**	NIL
Total Foreign Exchange Used	**NIL**	NIL

For and on Behalf of the Board

Narayan Shankar
Director

Parag Shah
Director

Place: Mumbai
Date: 28th April, 2017

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March, 2017

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**	U67110MH2008PLC188837
2.	**Registration Date**	11th December, 2008
3.	**Name of the Company**	RETAIL INITIATIVE HOLDINGS LIMITED
4.	**Category/Sub-category of the Company**	Company Limited by Shares/Indian Non-Government Company
5.	**Address of the Registered office & contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel. No.: 022 - 24905620
6.	**Whether listed company**	No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.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.	Investment in Securities	6599	**NA**

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 -400001	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Engineering and Chemical Products Limited Gateway Building, Apollo Bunder, Mumbai -400001	U74999MH1954PLC019908	Holding Company	100	2(46)
3.	Mahindra Retail Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U52190MH2007PTC173762	Subsidiary Company	68.58	2(87)(ii)

* Through Mahindra Engineering and Chemical Products 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 [As on 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	20,550,000	20,550,000	100	–	20,550,000	20,550,000	100	–
e) Bank/FI	–	–	–	–	–	–	–		–
f) Any Other	–	–	–	–	–	–	–		–
Sub-Total-A-(1)	**–**	**20,550,000**	**20,550,000**	**100**	**–**	**20,550,000**	**20,550,000**	**100**	**–**
(2) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-A (2)	–	–	–	–	–	–	–	–	–
TOTAL (A)	**–**	**20,550,000**	**20,550,000**	**100**	**–**	**20,550,000**	**20,550,000**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Bank/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total-(B)-(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-Total-(B)-(2)	–	–	–	–	–	–	–	–	–
Total Public (B)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**20,550,000**	**20,550,000**	**100%**	–	**20,550,000**	**20,550,000**	**100%**	–

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2016			Shareholding at the end of the year 31st March, 2017			% 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 Engineering and Chemical Products Limited	20,549,994	100	–	20,549,994	100	–	–
2	*Mahindra Engineering and Chemical Products Limited jointly with Mr. Zhooben Bhiwandiwala	1	–	–	1	–	–	–
3	*Mahindra Engineering and Chemical Products Limited jointly with Mr. V. R. Krishnan	1	–	–	1	–	–	–
4	*Mahindra Engineering and Chemical Products Limited jointly with Mr. S. Venkatraman	1	–	–	1	–	–	–
5	*Mahindra Engineering and Chemical Products Limited jointly with Mr. K. Chandrasekar	1	–	–	1	–	–	–
6	*Mahindra Engineering and Chemical Products Limited jointly with Mr. Narayan Shankar	1	–	–	1	–	–	–
7	*Mahindra Engineering and Chemical Products Limited jointly with Mr. V. S. Parthasarathy	1	–	–	1	–	–	–
		20,550,000	**100**	–	**20,550,000**	**100**	–	–

* Jointly held with Mahindra Engineering and Chemical Products Limited for the purpose of compliance with Statutory provisions of Companies Act with regard to minimum number of members.

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

Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
At the beginning of the year			–		–	
Changes during the year			–		–	
At the end of the year			–		–	

(iv) Shareholding Pattern of top ten Shareholders: NIL

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1.	Name						
	At the beginning of the year			–		–	
	Changes during the year			–		–	
	At the end of the year			–		–	
2.	Name						
	At the beginning of the year			–		–	
	Changes during the year			–		–	
	At the end of the year			–		–	

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

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1.	Name						
	At the beginning of the year			–		–	
	Changes during the year			–		–	
	At the end of the year			–		–	
2.	Name						
	At the beginning of the year			–		–	
	Changes during the year			–		–	
	At the end of the year			–		–	

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**
Indebtedness at the beginning of the financial year (1st April, 2016)				
i) Principal Amount		49,440.53	–	49,440.53
ii) Interest due but not paid		–	–	–
iii) Interest accrued but not due		–	–	–
Total (i+ii+iii)		49,440.53	–	49,440.53
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year (31st March, 2017)				
i) Principal Amount		49,440.53		49,440.53
ii) Interest due but not paid		–	–	–
iii) Interest accrued but not due		–	–	–
Total (i+ii+iii)		**49,440.53**	**–**	**49,440.53**

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**
	Name Designation	**Managing* Director**	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.00	1.00
	(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)	1.00	1.00
	Ceiling as per the Act	As per the provisions of Section 197 and schedule V of the Companies Act, 2013	

* Mr. Amar Korde resigned as the Managing Director of the Company with effect from 7th November, 2016, however, he continues to be a Director of the Company.

B. Remuneration to other Directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Noshir Dastur	Mr. Ajay Mehta	
1.	Independent Directors			
	Fee for attending board/committee meetings	1.00	0.80	1.80
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	**1.00**	**0.80**	**1.80**
2.	Other Non-Executive Directors	–	–	–
	Fee for attending board/committee meetings	–	–	–
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (2)	**–**	**–**	**–**
	Total (B)=(1+2)	**1.00**	**0.80**	**1.80**
	Total Managerial Remuneration	**1.00**	**0.80**	**1.80**
	Overall Ceiling as per the Act	–	–	–

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: **(Rs. in Lakhs)**

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, Specify			
	– Professional Fees	0.60		0.60
	– Others		0.50	0.50
	Total	**0.60**	**0.50**	**1.10**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

Particulars	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						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on Behalf of the Board

Narayan Shankar Director

Parag Shah Director

Place: Mumbai
Date: 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To

The Members of

RETAIL INITIATIVE HOLDINGS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **RETAIL INITIATIVE HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 are 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. 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, 2017, and its loss 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 March 31, 2017, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017, 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 and 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 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.

   iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

M. K. Saraogi
Partner
Membership Number 054106

Place: Mumbai
Date: April 28, 2017

ANNEXURE "I" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 9 under 'Report on other Legal and Regulatory Requirements' of our report of even date)

1. Since the company does not own any fixed assets, the provision of clause No.3(i) of the order does not apply to the company.

2. Since the company is an investment company, it does not hold any physical inventory. Therefore, provisions of Clause No.3(II) do not apply.

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. 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. 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 generally 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 dues to debenture holders. The Company has not taken any loans or borrowings from banks, 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). In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.

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

M. K. Saraogi
Partner
Membership Number 054106

Place: Mumbai
Date: April 28, 2017

ANNEXURE "II" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10(f) under 'Report on other 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 **Retail Initiative Holdings Limited** ("the company") as of March 31, 2017 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 control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2017, 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

M. K. Saraogi
Partner
Membership Number 054106

Place: Mumbai
Date: April 28, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	Mar-17	Amount in Rs. Mar-16
I. EQUITY AND LIABILITIES			
(1) **Shareholders' funds**			
(a) Share Capital	2	**205,500,000**	205,500,000
(b) Reserves and Surplus	3	**(1,575,999,134)**	(1,575,038,216)
(2) **Non-current liabilities**			
(a) Long term Borrowings	4	**4,944,053,000**	4,944,053,000
(b) Long term provisions		**–**	–
(3) **Current liabilities**			
(a) Short term Borrowings		**–**	–
(b) Trade payables	5	**756,665**	512,602
(c) Other current liabilities	6	**19,000**	24,750
TOTAL		**3,574,329,531**	3,575,052,136
II. ASSETS			
(1) **Non-current assets**			
(a) Fixed Assets			
(i) Tangible assets		**–**	–
(ii) Intangible assets		**–**	–
(iii) Capital work in progress		**–**	–
(b) Non-current Investments	7	**3,573,716,390**	3,573,716,390
(c) Long term loans and advances	8	**2,729**	–
(2) **Current assets**			
(a) Inventories		**–**	–
(b) Trade receivables		**–**	–
(c) Cash and cash equivalent	9	**610,412**	1,335,746
TOTAL		**3,574,329,531**	3,575,052,136
Significant Accounting Policies	1		

Accompanying notes are an integral part of Financial Statements

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M. K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

Parag Shah
Director

Narayan Shankar
Director

Saroj Khuntia
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No. 28370

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 1ST APRIL, 2016 TO 31ST MARCH, 2017

Amount in Rs.

Particulars	Note No.	Year Ended Mar-17	Year Ended Mar-16
I. Revenue from operations		**–**	–
II. Other Income_Interest on FD		**27,288**	–
III. Total Revenue (I+II)		**27,288**	–
IV. EXPENSES			
Purchase of stock in trade		**–**	–
Changes in Inventories of finished goods/WIP/stock in trade		**–**	–
Employee benefits expense		**–**	–
Finance cost		**–**	–
Depreciation and amortisation expense		**–**	–
Other expenses	10	**988,206**	1,560,601,297
Total Expenses		**988,206**	1,560,601,297
V. Profit before exceptional and extraordinary items and tax (III–IV)		**(960,918)**	(1,560,601,297)
VI. Exceptional Items		**–**	–
VII. Profit before extraordinary items and tax (V–VI)		**(960,918)**	(1,560,601,297)
VIII. Extraordinary items		**–**	–
IX. Profit before tax (VII–VIII)		**(960,918)**	(1,560,601,297)
X. Tax expense			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
XI. Profit (Loss) for the period (IX–X)		**(960,918)**	(1,560,601,297)
XII. Earnings per equity share:		**Rs.**	Rs.
(1) Basic		**(0.05)**	(75.94)
(2) Diluted		**(0.05)**	(75.94)
Nominal value per share		**10**	10
Significant Accounting Policies	1		

Accompanying notes are an integral part of Financial Statements

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M. K. Saraogi
Partner
Membership No. 054106

For and on behalf of the Board of Directors

Parag Shah
Director

Narayan Shankar
Director

Saroj Khuntia
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No. 28370

Place: Mumbai
Date: 28th April, 2017

CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL, 2016 TO 31ST MARCH, 2017

		Year Ended Mar-17	Amount in Rs. Year Ended Mar-16
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit for the period before tax	**(960,918)**	(1,560,601,297)
	Adjustments for:		
	Depreciation	**–**	–
	Interest Income	**(27,288)**	–
	Loss on fixed assets sold/scrapped	**–**	–
	Impairment of Long Term Investment	**–**	1,560,000,000
		(27,288)	1,560,000,000
	Operating profit before working capital changes	**(988,206)**	(601,297)
	Changes in:		
	Sundry Debtors	**–**	–
	Inventories	**–**	–
	Loans and Advances	**(2,729)**	–
	Trade and other payables	**238,313**	347,313
		235,584	347,313
	Income Taxes paid	**–**	–
	NET CASH FROM OPERATING ACTIVITIES	**(752,622)**	(253,984)
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets	**–**	–
	Proceeds from Sale of fixed assets	**–**	–
	Purchase of Investments	**–**	–
	Interest Income	**27,288**	–
	NET CASH USED IN INVESTING ACTIVITIES	**27,288**	–
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Receipt of Share Capital	**–**	–
	Receipt of Unsecured Loans	**–**	–
	Receipt of Inter-corporate deposit	**–**	–
	NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**–**	–
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(725,334)**	(253,984)
	CASH AND CASH EQUIVALENTS:		
	Opening Balance	**1,335,746**	1,589,730
	Closing Balance	**610,412**	1,335,746

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M. K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

Parag Shah
Director

Narayan Shankar
Director

Saroj Khuntia
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No. 28370

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Summary of SIGNIFICANT ACCOUNTING POLICIES

Corporate Information:

Retail Initiative Holdings Limited ('The Company') is the holding company of Mahindra Retail Private Limited. The Company is a Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2011 and is not required to obtain Certificate of Registration under Section 45 IA of the Reserve Bank India Act, 1934.

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). 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, except for the change in accounting policy explained below.

Assets and Liabilities are classified as Current or Non Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

b. 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 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.

c. Revenue recognition:

Dividends from investments are recognized in the Profit and Loss Account when the right to receive the payment is established.

Interest is recognized on time proportion basis.

d. Investments:

All long-term investments are valued at cost. Provision for diminution, if any in the value of each long term investments 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.

e. Income Taxes:

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current 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 reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets to the extent they have become reasonably certain or virtually certain of realisation, as the case may be.

Deferred tax assets are not recognised to the extent that there is no virtual certainty or reasonable certainty, as the case may be, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Note 2

	Share Capital:	Mar-17 Amount in Rs.	Mar-16 Amount in Rs.
a.	**Authorised:**		
	21,000,000 (Previous Year 21,000,000) equity shares of Rs.10 each	**210,000,000**	210,000,000
b.	**Issued, subscribed and fully paid up:**		
	20,550,000 (Previous Year 20,550,000) equity shares of Rs.10 each	**205,500,000**	205,500,000
	Total	**205,500,000**	205,500,000

c. Reconciliation of share outstanding at the beginning & at the end of the Year

	Mar-17		Mar-16	
	No's	Amount in Rs.	No's	Amount in Rs.
Equity Shares:				
At the beginning of the period	**20,550,000**	**205,500,000**	20,550,000	205,500,000
Add: Issued during the year	**–**	**–**	–	–
Outstanding at the end of the period	**20,550,000**	**205,500,000**	20,550,000	205,500,000

d. Shares held by holding company

	Mar-17		Mar-16	
	No's	Amount in Rs.	No's	Amount in Rs.
Mahindra Engineering and Chemical Products Limited	**20,550,000**	**205,500,000**	20,550,000	205,500,000

e. Details shareholders holding more than 5% shares in the company

	Mar-17		Mar-16	
	No's	% Holdings	No's	% Holdings
Mahindra Engineering and Chemical Products Limited	**20,550,000**	**100.00%**	20,550,000	100.00%

f. Other Disclosure:

The Company has one class of Equity Shares having par value of Rs.10 each. Each Equity shareholder is eligible for one vote per share held and is entitled to dividend as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian rupees.

g. Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

For details of securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date, please refer note no. 4

Note 3

	Reserves and Surplus:	Amount in Rs. Mar-17	Mar-16
	Surplus in statement of Profit & Loss Account		
1	Opening balance	**(1,575,038,216)**	(14,436,919)
	Add: Profit/(Loss) for the Current Year	**(960,918)**	(1,560,601,297)
	Closing Balance	**(1,575,999,134)**	(1,575,038,216)

Note 4

	Long term borrowings:	Mar-17	Amount in Rs. Mar-16
(A)	***Unsecured***		
1	Debenture (Fully Compulsorily Convertible) 49,44,053 (Previous Year: 49,44,053) Zero Coupon Fully Compulsorily Convertible Debentures of Rs. 1,000 each	**4,944,053,000**	4,944,053,000
	Total	**4,944,053,000**	4,944,053,000

a Zero Coupon Fully Compulsorily Convertible Debentures are convertible into equity shares of the company on or before 10 years from the date of allotment. The debenture holders have an option to seek conversion of debentures in full or part thereof into equity shares of the face value of Rs. 10 each issued at par any time after 5 years from the date of allotment. On exercising such option, the debenture holder will get 100 equity shares of Rs. 10 each issued at par for every one debenture held.

Note 5

Trade payables	Mar-17	Amount in Rs. Mar-16
Micro & Small Enterprises	**–**	–
Others	**756,665**	512,602
Total	**756,665**	512,602

Note 6

Other current liabilities	Mar-17	Amount in Rs. Mar-16
TDS Payable	**19,000**	24,750
Other payables	**–**	–
Total	**19,000**	24,750

Note 7

	Non-current Investments	Mar-17	Amount in Rs. Mar-16
1	**Trade Investments (valued at cost unless stated otherwise)**		
	– Investment in equity instruments (Unquoted)		
	– Investment in subsidiary		
	51,32,88,514 (PY: 51,32,88,514) Equity Shares of Rs.10 each fully paid up in Mahindra Retail Private Limited	**5,133,716,390**	5,133,716,390
	Less : Provision for Impairment	**(1,560,000,000)**	(1,560,000,000)
	Total	**3,573,716,390**	3,573,716,390

Note 8

Long-Term Loans & Advances: (Unsecured considered good unless otherwise stated)	Mar-17	Amount in Rs. Mar-16
TDS Receivable	**2,729**	–
Total	**2,729**	–

Note 9

	Cash & Cash Equivalents:	Mar-17	Amount in Rs. Mar-16
A	Bank balances		
	– On current account	**610,412**	1,335,746
	– On Fixed Deposit	**–**	–
B	Cash on hand	**–**	–
	Total	**610,412**	1,335,746

Note 10

Other expenses	Mar-17	Amount in Rs. Mar-16
Professional Fees	**574,100**	302,872
Rates & Taxes	**26,600**	56,500
Registration and Documentation Charges	**34,500**	–
Auditors' Remuneration	**23,000**	17,175
Directors Remuneration	**100,000**	100,000
Bank Charges	**6**	–
Provision for Impairment	**–**	1,560,000,000
Deputation Charges	**50,000**	44,750
Sitting Fees	**180,000**	80,000
Total	**988,206**	1,560,601,297

Other additional information by way of notes to statement of profit & loss

	Payment to auditors	Mar-17	Amount in Rs. Mar-16
a)	Auditor	**23,000**	17,175
	Total	**23,000**	17,175

Disclosures as required by the Accounting Standards

11. There is no provision for current tax in view of the losses in the current year. Deferred Tax Asset has not been recognized in view of absence of virtual certainty that the asset will be reversed in near future.

12. Earnings per Share (EPS) is calculated as follows:

Sr. No.	Particulars	2016-17	2015-16
1.	Profit/(Loss) attributable to equity shareholders	**(9,60,918)**	(1,56,06,01,297)
2.	Weighted Average No. of shares	**2,05,50,000**	2,05,50,000
3.	Nominal Value per share	**10**	10
4.	Earnings Per share:		
	– Basic	**(0.05)**	(75.94)
	– Diluted	**(0.05)**	(75.94)

13. The Company had equity investment of Rs.5,13,37,16,390 in Mahindra Retail Private Limited, a Subsidiary company In view of the losses incurred by the subsidiary company and the Company had made provision for impairment in its financial statements to the extent of Rs.1,56,00,00,000 for the year ended 31st March, 2016.

14. Related Party Disclosures

All the related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. The details of material transactions with related parties is provided herewith under

i) Enterprises that directly or indirectly through one or more subsidiaries:-

(a) Control the Reporting Enterprise:-
Mahindra & Mahindra Limited

(b) Holding company:-
Mahindra Engineering & Chemical Products Ltd.

(c) Subsidiary Company:-
Mahindra Retail Private Ltd.

The related party transactions are as under:

Nature of Transactions	Controlling company (Mahindra & Mahindra Ltd.)	Holding company (Mahindra Engineering & Chemical Products Ltd.)	Subsidiary (Mahindra Retail Private Limited)	Key Managerial Personnel
Debenture Payable		4,94,40,53,000		
		(4,94,40,53,000)		
Payable	3,95,130		Nil	
	(78,375)		(66,750)	
Expense Reimbursement	4,65,750		Nil	
	(75,000)		(50,000)	
Directors Remuneration				1,00,000
				(1,00,000)

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
(Firm Registration No. 105102W)

M. K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

Parag Shah
Director

Narayan Shankar
Director

Saroj Khuntia
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No. 28370

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 10th (Tenth) Report along with the Standalone Audited Financial Statements of your Company for the year ended 31st March, 2017.

Financial Highlights and State of Company's Affairs

(Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2017***	For the year ended 31st March, 2016*
Income		
Revenue from Operations (Gross)	**17,729.98**	20,096.30
Less: Excise Duty		
Revenue from Operations (Net)	**17,729.98**	20,096.30
Other Income	**35,445.35**	209.20
Total Income	**53,175.33**	20,305.50
Expenses		
Cost of Raw Material and Components Consumed	**11,225.14**	15,960.55
(Increase)/Decrease in inventories	**2,717.14**	(3,421.36)
Employee Benefit Expenses	**3,538.12**	3,197.66
Other Expenses	**12,842.54**	12,218.17
Depreciation and Amortization Expenses	**642.77**	1,076.18
Finance Costs	**1,091.51**	599.58
Total Expenses	**32,057.22**	29,630.78
Profit/(Loss) before Tax	**21,118.11**	(9,325.28)
Provision for Tax	**3,600.00**	–
Profit/(Loss) for the year from Continuing Operations	**17,518.11**	(9,325.28)
Balance of Profit from earlier years	**(67,433.98)**	(58,108.70)
Balance carried forward	**(49,915.87)**	(67,433.98)
Amount carried forward to reserves	**0**	0
Net worth	**24,930.45**	1,412.34

***** *The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') audited standalone financial statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.*

No material changes and commitments affecting the financial position of the Company have occurred after the close of the financial year till the date of this report.

OPERATIONS OF THE COMPANY

Mahindra Retail Private Limited ("MRPL") recorded revenue of Rs. 17,730 Lakhs as compared to Rs. 20,096 Lakhs in the previous year. Profit after tax for the year was Rs. 17,518 Lakhs as compared to loss of Rs. 9,325 Lakhs in the previous year. Two exceptional items were recorded in Financial year 2017-18 i.e. gain from slump sale of franchisee business of Rs. 35,029 lakhs and loss from divestment of investment in Mahindra Internet Commerce Private Limited (MICPL), a wholly owned subsidiary, for Rs. 4,390 lakhs.

The year under review has been a watershed year for your Company. During the year under review, the most significant development has been the consolidation of the business in the Mother & Child space with Brainbees Solutions Private Limited ("Brainbees or FirstCry"). This transaction culminated with the execution of various agreements, on 15th October, 2016. This year also represents the maiden year of profitable results for your Company, though the reason is not operational but strategic.

In summary, the transaction has the following three elements:

- The sale of the Franchise business of the Company to Brainbees – All erstwhile franchisees of MRPL were transferred to Brainbees and they were offered to continue operations under the FirstCry Franchisee arrangements or serve out the required notice period and exit if they so desired.

- The operationalizing of the Master Franchise Agreement, under which the 80 Company Owned and Company Operated (COCO) stores of your Company became franchisees of Brainbees. This has ensured all the store employees remain employees of your Company and continue in their jobs. As part of this arrangement, the store front signage (with a few exceptions) has also changed to reflect the consolidation and alignment. The branding incorporates the line 'A FirstCry – Mahindra Venture' as a tagline below the store name. This goes across the entire network of 280 stores and the online business under the www.firstcry.com domain.
- By virtue of the transaction and sale consideration, your Company holds 21.2% stake in Brainbees and is consequently the single largest shareholder.

To give effect to this transaction and to ensure that the benefits envisaged under it accrue as early as possible to your Company, the following actions were initiated and closed during the year.

- Overhead rationalization: Corporate and field overheads have been rationalized.
- Closure of B&M, Sourcing, Logistics & Warehousing functions has been accomplished.
- Brand building and Sales & marketing spend will be majorly incurred by FirstCry.
- The digital business under the www.babyoye.com domain and the mobile app has been merged into the FirstCry.com domain.
- Mahindra Internet Commerce Private Limited ('MICPL'), wholly owned subsidiary of the Company has been sold to a third party.
- Manpower at Head Quarter (HQ) has been rationalized from a head count of 140 in October, 2017 to 35 in March, 2017.
- Investment in inventories has come down because of closure of warehouse operation (direct supply from FirstCry to stores) and sale of Franchisee business (Agency model).

Going forward, the business is expected to function as a Master Franchise operation in close coordination and conjunction with FirstCry.

OUTLOOK FOR THE CURRENT YEAR

Your Company, currently operates around 80 stores in three formats: Mall Stores, Standalone Stores and Hospital Stores and expects positive EBITDA at store level.

SUBSIDIARY COMPANIES AND ASSOCIATES

During the year under review, the Company made an investment of Rs. 10.90 Crores by subscribing to 1,09,00,000 Equity Shares of Rs.10 each in Mahindra Internet Commerce Private Limited ("MICPL"). Pursuant to sale of 100% stake held in MICPL to a third party, MICPL, ceased to be a wholly owned subsidiary of your Company with effect from 22nd March, 2017.

As of 31st March 2017, your Company does not have any other subsidiary company.

MICPL, till 22nd March, 2017, recorded revenue of Rs. 832 Lakhs as compared to Rs. 2,520 Lakhs in the previous year. Loss after tax for the year was Rs. 1,185 Lakhs as compared to loss of Rs. 2,869 Lakhs in the previous year.

Your Company, as a part of sale consideration for transfer of its Franchisee owned and Franchisee Operated Business ("FOFO"), has acquired 47,971 Equity Shares of Brainbees Solutions Private Limited (Brainbees) at a price per shares of INR 73,919 constituting 21.2% stake in the Brainbees thereby making it an Associate of the Company. As on 31st March 2017, the Company held 182,28,980 Equity shares in Brainbees consequent to split and bonus shares issued by Brainbees and continues to hold 21.2% stake in Brainbees.

Brainbees recorded revenue of Rs. 12,826.39 Lakhs and Loss after tax of Rs. 4,959.26 Lakhs for the period starting from 15th October, 2016 to 31st March, 2017.

A Report on the performance and financial position of Associate Company and its contribution to the overall performance of the Company, is provided in Form AOC-1 and forms part of this Annual Report as Annexure I.

DIVIDEND

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

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs vide its Notification G.S.R. 742(E), dated 27th July, 2016, exempted a partially owned Subsidiary Company from preparation and presentation of its Consolidated Financial Statements, provided the Company meets the conditions as mentioned in the said Notification.

The Company has complied with all the conditions as mentioned in the Notification and has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year ended 31st March, 2017 and onwards.

SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 750,00,00,000 dividend into 75,00,00,000 Equity shares of Rs. 10 each to Rs. 950,00,00,000 divided into 95,00,00,000 Equity shares of Rs. 10 each and consequent changes were made to the Memorandum of Association of the Company to reflect the same.

FURTHER ISSUE OF CAPITAL

During the year under review, your Company has issued and allotted 6,00,00,000 Equity Shares of face value of Rs. 10 per share for cash, at par, aggregating to Rs. 60,00,00,000 to the existing shareholders of the Company on Rights basis in proportion to the paid-up share capital held by them in the Company.

Accordingly, the issued, subscribed and paid up share capital of the Company stood at Rs. 748,46,32,360. divided into 74,84,63,236 Equity shares of Rs. 10 each as at 31st March, 2017.

TRANSFER OF SHARES

The Board of Directors through a Circular Resolution dated 28th December, 2016, approved the transfer of 71,73,722 Equity shares of Rs. 10/- each from Technopak Advisors Private Limited to Mahindra Engineering and Chemicals Products Limited ("MECPL"). The holding of MECPL in the Company as on 31st March, 2017 increased to 31.42% post acquisition of Shares and subscription to Rights issue.

Board of Directors

Composition:

Presently, the Board comprises of the following Directors:

Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Mr. Zhooben Bhiwandiwala	00110373	Non-Executive Director	Non-Independent Director
Mr. Parag Shah	00374944	Non-Executive Director	Non-Independent Director
Ms. Sheetal Mehta	06495637	Non-Executive Director	Non-Independent Director
*Mr. Bharat Upadhyay	02189485	Non-Executive Director	Independent Director
*Mr. Ajay Mehta	07102804	Non-Executive Director	Independent Director

* Mr. Bharat Upadhyay (DIN : 02189485) and Mr. Ajay Mehta (DIN : 07102804) were appointed as the Additional Independent Directors with effect from 8th February, 2017.

Mr. Rajeev Dubey (Non-Executive Director DIN: 00104817), Mr. Shriprakash Shukla (Non-Executive Director DIN: 00007418), Mr. Arvind Kumar Singhal (Independent Director DIN: 00709084) and Mr. Rafique Abdul Malik (Independent Director DIN: 00521563) resigned as Directors of the Company with effect from 3rd January, 2017 owing to their preoccupations.

Mr. Ajay Mehta and Mr. Bharat Upadhyay were appointed as the Additional (Independent) Directors on the Board of the Company for a period of 5 years. Pursuant to Section 161 of Companies Act, 2013, Mr. Mehta and Mr. Upadhyay hold office only up to the date of the forthcoming Annual General Meeting (AGM) of the Company and in accordance with the requirements of Section 150 and 152 of the Companies Act, 2013, their continuation as the Independent Directors will be required to be approved by the members of the Company in the ensuing AGM for a period of 5 years with effect from 08th February, 2017. The Board recommends their appointment at the ensuing AGM. The Company has also received notice under Section 160 of the Companies Act, 2013 along with the requisite deposit for their appointment as Directors of the Company.

Mr. Zhooben Bhiwandiwala (DIN: 00110373), retires by rotation and, being eligible, offers himself for the re-appointment at the ensuing AGM of the Company.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

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.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

Your Board of Directors met six times during the year under review on 23rd May, 2016, 22nd August, 2016, 14th October, 2016, 28th November, 2016, 8th February, 2017 and 20th March, 2017. The gap between two consecutive meetings did not exceed 120 days. The 9th Annual General Meeting of the Company was held on 22nd August, 2016.

During the year, 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 Bhiwandiwala	4
*Mr. Rajeev Dubey	2
*Mr. Rafique Abdul Malik	3
*Mr. Arvind Kumar Singhal	2
Mr. Parag Shah	6
Ms. Sheetal Mehta	2
*Mr. Shriprakash Shukla	2
**Mr. Bharat Upadhyay	1
**Mr. Ajay Mehta	1

* *Mr. Rajeev Dubey (Non-Executive Director DIN: 00104817), Mr. Shriprakash Shukla (Non-Executive Director DIN: 00007418), Mr. Arvind Kumar Singhal (Independent Director DIN: 00709084) and Mr. Rafique Abdul Malik (Independent Director DIN: 00521563) resigned as Directors of the Company with effect from 3rd January, 2017.*

** *Mr. Bharat Upadhyay (DIN: 02189485) and Mr. Ajay Mehta (DIN: 07102804) were appointed as the Additional Independent Directors with effect from 8th February, 2017.*

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 22nd August, 2016 without the presence of the Chairman and other Non-Executive Directors, the Chief Executive Officer, 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, review the performance of the Chairman of the Company (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 it's 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 Non-Executive Directors.

The Directors expressed their satisfaction with the evaluation process.

APPOINTMENT OF CHANGES IN KEY MANAGERIAL PERSONNEL (KMP)

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

Sr. No.	Name of the KMP	Designation
1.	Mr. Prakash Wakankar	Chief Executive Officer
2.	Mr. Saroj Khuntia	Chief Financial Officer
3.	*Mr. Gajendra Mewara	Company Secretary

Ms. Rupal Jain was appointed as the Company Secretary of the Company with effect from 23rd May, 2016 and resigned as the Company Secretary with effect from 2nd February, 2017.

* Mr. Gajendra Mewara (Membership Number ACS – 22941) was appointed as the Company Secretary in place of Ms. Rupal Jain, with effect from 8th February, 2017.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee was re-constituted with effect from 8th February, 2017. The Audit Committee comprises of the following members:

Name of the Member	Designation
Mr. Ajay Mehta	Chairman
Mr. Zhooben Bhiwandiwala	Member
Mr. Bharat Upadhyay	Member

The Committee met twice during the year under review on 23rd May, 2016 and 22nd August, 2016 and complied with the terms of reference assigned to the Committee.

The attendance at the Meetings of the Audit Committee were as under:

Name of the Member	No. of Meetings attended
*Mr. Rafique Abdul Malik	1
*Mr. Arvind Kumar Singhal	2
Mr. Zhooben Bhiwandiwala	2
Mr. Bharat Upadhyay	0
Mr. Ajay Mehta	0

* Mr. Rafique Abdul Malik and Mr. Arvind Kumar Singhal resigned with effect from 3rd January, 2017 and ceased to be a member of the Committee.

Mr. Ajay Mehta and Mr. Bharat Upadhyay were appointed as Independent Directors and Members of the Committee with effect from 8th February, 2017.

All the recommendations of the Audit Committee were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination Remuneration Committee was re-constituted with effect from 8th February, 2017. The Nomination and Remuneration Committee comprises of the following members:

Name of the Member	Designation
Mr. Bharat Upadhyay	Chairman
Mr. Zhooben Bhiwandiwala	Member
Mr. Ajay Mehta	Member

The Committee met once during the year under review on 23rd May, 2016.

Name of the Member	No. of Meetings attended
Mr. Rafique Abdul Malik	0
Mr. Rajeev Dubey	0
Mr. Arvind Kumar Singhal	1
Mr. Zhooben Bhiwandiwala	1
Mr. Bharat Upadhyay	0
Mr. Ajay Mehta	0

Mr. Rafique Abdul Malik, Mr. Arvind Singhal and Mr. Rajeev Dubey resigned with effect from 3rd January, 2017 and ceased to be members of the Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

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 31st March, 2017 the applicable accounting standards have been followed and that there were no material departures in respect thereof;

(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 31st March, 2017 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 had ensured that there exist adequate internal financial controls with reference to financials statements.

(e) They have prepared annual accounts on a going concern basis; and

(f) 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 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.

STATUTORY AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as Statutory Auditors of your Company to hold office up to the conclusion of the Tenth Annual General Meeting ('AGM'). They have served maximum term as Statutory Auditors and their term as the Statutory Auditors is up to the conclusion of the forthcoming AGM.

Pursuant to the first proviso of Section 139(2) of the Companies Act, 2013 and the rules framed thereunder, members are requested to appoint M/s. BSR & Co., LLP, Firm Registration number 101248W/W/100022, as Statutory Auditors at the 10th Annual General Meeting and fix their remuneration, for a period of five years subject to ratification by the members at every Annual General Meeting of the Company. If appointed, the Statutory Auditors would hold office till the conclusion of the Fifteenth Annual General Meeting to be held in the year 2022.

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 made, would be in conformity with the conditions, limits and criteria specified therein.

Members are requested to approve the appointment of M/s. BSR & Co., LLP, Firm Registration number 101248W/W/100022 and authorize the Board of Directors to fix their remuneration.

Your Directors confirm that the Auditors Report does not contain any qualification, reservation or adverse remark.

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 finance controls with reference to the Financial Statements and these controls are adequate.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Martinho Ferrao & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor of your Company for the financial year ended 31st March, 2017 and for subsecuient financial years unless resolved otherwise.

A Secretarial Audit Report for the financial year ended 31st March, 2017 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.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Mr. Mario Nazareth was re-appointed as the Internal Auditor of your Company for the financial year ended 31st March, 2017 to conduct the Internal Audit of the Company.

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.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND THE POLICY FOR 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.

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 IV** 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(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

The 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 and Mahindra Limited, have been disclosed in the financial statements.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans granted, securities provided and investments made during the year under review pursuant to Section 186 of the Companies Act, 2013.

SAFETY, HEALTH AND ENVIRONMENT PERFORMANCE

Your Company is committed to protecting the health and safety of employees, customers and protecting the environment and public wherever they conduct business activities.

Your Company is committed to the belief that all occupational injuries and illnesses are preventable. Each employee has a personal and vital responsibility to contribute to safe work performance.

The objective is to continuously improve health, safety, and environmental performance, and in doing so, to be recognized as a leader in the retail industry. Your Company's approach to Safety, Health and Environment is with the same level of responsibility and is as methodical as they attend to issues concerning product quality, productivity and cost-efficiency.

Some of the other key initiatives are as follows:

- Provide healthy and safe workplaces with security and ergonomics that are built into the design of the workplace (offices & stores) with best operating practices incorporated to provide employees a safe environment free from any kind of discrimination including a stringent.
- All employees are subjected to pre-employment medical check-ups and are provided with health and hospitalization insurance cover for self, spouse and children.
- Conduct periodic programmes addressing healthy living, stress free living and work-life balance.

SUSTAINABILITY INITIATIVES

Your Company is committed to embracing sustainability with the following five objectives followed up with policies and action plans to drive them:

- Reduction of power consumption: Tracking Power consumption by Units at the Corporate Office and across the stores by implementation of policies like mandatory submission of Power Bill with Units consumption.
- Implementation of Energy Management System in the store – devices or Peak/Non-Peak circuitry and timer for main signage at the time of store design and construction and certification of the same mandatory at the time of handing over the property to operations for trading.
- Reduction of paper consumption: Control printing paper by controlling of issue of papers in quota, paper utilization report compulsory as part of store petty cash utilization, double sided printing and recycling of waste paper mandatory. Control Printed Communication by monitoring printer paper quantity and approval of quantities for Marketing and HR mass distribution, recycling by incorporation of system wherein all unwanted paper is dropped in Recycle Bins at Corporate Office and Stores and reused with small seal reading "recycled" on them.

- Reduction of travel: Tracking of Travel by incorporating a Travel requisition system to minimize travel, monthly travel report to all department heads, encourage use of Skype/ Video Conferencing.
- Reduction of transportation: Control of Material Transportation (in km) by tracking truck movement for stock movement and delivery, developing local/regional suppliers to reduce transportation cost for new store.
- Encourage Car Pooling & use of mass transportation systems for employees coming to work and when on outstation duties.
- Reuse/Repurpose of materials: Identification of all Capex fit-out materials (Fixtures, Mannequins, lights, signage, hangers etc.) which are unused in all stores and consolidation and refurbishment of the same. Identification of scrap materials with vendors and development of fit-out materials from the same for new requirements for the same in the stores.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties are given in form AOC – 2 as **Annexure V** 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 as on 31st March, 2017 is attached herewith as ***Annexure VI*** and forms part of this report.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

MRPL EMPLOYEES STOCK OPTION SCHEME – 2015

The Members of the Company by way of special resolution passed on 4th November, 2015 approved the MRPL EMPLOYEES STOCK OPTION SCHEME – 2015 in order to create, offer and grant from time to time, in one or more tranches, upto 7,53,46,324 (Seven Crore Fifty Three Lakhs Forty Six Thousand Three Hundred and Twenty Four Only) Options to or for the benefit of the employees of the Company who have been working in India or outside India or a director of the company, whether a whole time director or not but excluding an independent director under the Scheme, exercisable upto 7,53,46,324 (Seven Crore Fifty Three Lakhs Forty Six Thousand Three Hundred and Twenty Four Only) Equity Shares of face value of Rs. 10/- each fully paid up, in one or more tranches on such terms and conditions and criteria for grant of option, in respect of each tranche of options granted as may be fixed or determined by the Board in accordance with MRPL EMPLOYEES STOCK OPTION SCHEME – 2015 and Rules framed in this regard or other provisions of law as may be prevailing at that time or regulations issued by the relevant authorities.

The Committee under the MRPL EMPLOYEES STOCK OPTION SCHEME – 2015 comprises of the following:

Name of the Member	Designation
Mr. Zhooben Bhiwandiwala	Member
Mr. Parag Shah	Member

During the year under review, no options were granted to the eligible employees, under the MRPL EMPLOYEES STOCK OPTION SCHEME – 2015. The details to be disclosed under the said Scheme pursuant to the Companies (Share Capital and Debentures) Rules, 2014 are given in **Annexure VII**.

DEMATERIALISATION OF SHARES

The shares of your Company have been admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE330X01015.

REGISTAR AND SHARE TRANSFER AGENT

During the year, the Board of Directors of your Company have appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent of the Company.

GENERAL DISCLOSURES:

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of sweat equity shares during the year.

  The Company does not have a Managing Director/ Whole Time Director.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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

Zhooben Bhiwandiwala
Chairman

Mumbai, 28th April, 2017

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 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.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	NA
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	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	NA

1. Names of subsidiaries which are yet to commence operations: NA
2. Names of subsidiaries which have been liquidated or sold during the year: Mahindra Internet Commerce Private Limited ceased to be a subsibiary w.e.f. 22nd March, 2017.

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 associate	Brainbees Solutions Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2017
2.	Shares of Associate held by the Company on the year end	
	No.	18228980
	Amount of Investment in Associate	Rs. 35,548.39 Lakhs
	Extent of Holding%	21.2%
3.	Description of how there is significant influence	Company has a 21.2% stake in the associate as at 31st March, 2017.
4.	Reason why the associate is not consolidated	The Company has availed the exemption from preparation and presentation of its Consolidated Financial Statements for the year ended 31st March, 2017 as it has complied with the conditions as prescribed in the notification of Ministry of Corporate Affairs dated 27th July, 2016.
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	12,991.90 Lakhs
6.	Profit for the year	
	i. Considered in consolidation	NA
	ii. Not considered in consolidation	NA

1. Names of associates or joint ventures which are yet to commence operations. – Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year. – Nil

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Prakash Wakankar
Chief Executive Officer

Saroj Khuntia
Chief Financial Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Mumbai
Date: April 28, 2017

ANNEXURE II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 Retail 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 Retail 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 **Mahindra Retail Private Limited'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 31st March, 2017**, 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, 2017** 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 for the year under review.**

(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') were **not applicable to the Company for the year under review:-**

(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;

(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 (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) we have also examined the compliances of the provisions of the other law 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:

(i) Legal Metrology Act, 2009

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable.**

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.

We further report that:

1. The Board is constituted with 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.
2. 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 or on a shorter notice with the consent of the Directors, 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.
3. 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 Company has:

1. The Company had taken approval of the shareholders through Special Resolution in the Extraordinary General Meeting of the Company held on 15th October, 2016 to give loans and/or guarantee and provide security in connection with loan and/or acquire by way of subscription, purchase or otherwise the securities of any body corporate upto an aggregate amount not exceeding Rs. 500 crores.
2. The Company had taken approval of the shareholders through Special Resolution in the Extraordinary General Meeting of the Company held on 15th October, 2016 to sell and transfer the business undertaking of the Company comprising of the franchisee owned and franchisee operated business ("FOFO business") including the assets, employees, rights and liabilities attached to **Brainbees Solutions Private Limited** ("Purchaser") for a lump sum consideration.

For **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: April 28, 2017

ANNEXURE A

To,
The Members,
Mahindra Retail Private Limited
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018.

Our report 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 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.

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 **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: April 28, 2017

ANNEXURE III 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 Retail Private 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:

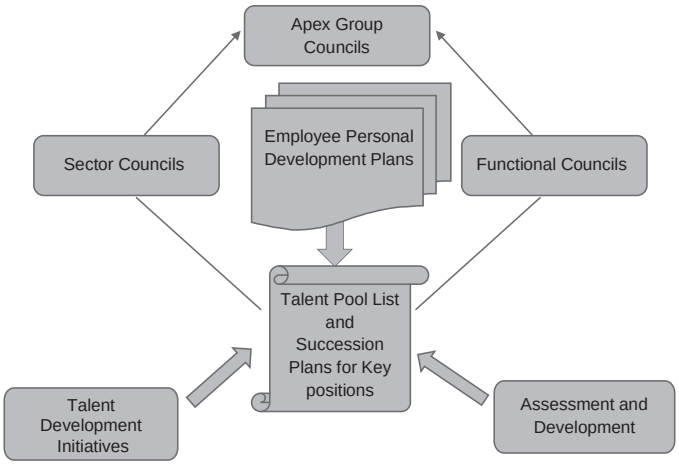
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

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 Retail Private 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 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

Zhooben Bhiwandiwala
(DIN 00110373)
Chairman

Mumbai, 28th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

A. CONSERVATION OF ENERGY

(a) The steps taken or impact on conservation of energy: Though Your Company is not energy intensive, necessary steps are being taken to conserve energy.

(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

Total Foreign Exchange Earned and Used:		**(Rs. in Lakhs)**
	For the Financial Year ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**Nil**	Nil
Total Foreign Exchange Used	**2,164**	2,123.78

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 28th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT

FORM AOC 2

PARTICULARS FOR CONTRACTS MADE WITH RELATED PARTIES (Covered under Section 188(1) of Companies Act 2013)

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:

(Rs. In Lakhs)

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**		**Date(s) of approval by the Board, if any**	**Amount paid as advances, if any**
1	Mahindra & Mahindra Limited	Ultimate Holding Company	Annual/Recurring	Expense Reimbursement, IT Shared services, Others & Interest Expense	7,451	Refer note below	Nil
2	Mahindra Logistics Limited	Fellow Subsidiary	Annual/Recurring	Logistics Expense Interest Expense	2,055	Refer note below	Nil
3	Mahindra Internet Commerce Private Limited	Subsidiary (until 22 March 2017)	Annual/Recurring	Purchase & Sale of Goods, services	3,471	Refer note below	Nil
4	Brainbees Solutions Private Limited	Associate	Annual/ Recurring	Purchase & Sale of goods and services	6,173	Refer note below	Nil

Note:

(i) All these transactions are at arm's length and are in 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 has been taken by the Company for the aforesaid transactions.

(ii) Contracts/transactions/arrangements for rendering of services and/or purchase of material for an amount exceeding 10% of turnover of the Company or Rs. 50 crores whichever is lower is considered as material for the purpose of this disclosure.

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS:

1.	**CIN**	U52190MH2007PTC173762
2.	**Registration Date**	3rd September, 2007
3.	**Name of the Company**	Mahindra Retail Private Limited
4.	**Category/Sub-Category of the Company**	Company Limited by shares/Non-Goverment Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai - 400 018. Tel: 022-24905620 Email: mewara.gajendra@mahindra.com
6.	**Whether listed Company**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad,Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.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.	Retail sale of Mother and Child care products	52190	99%

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	2(46)
2.	Mahindra Engineering and Chemical Products Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	U74999MH1954PLC019908	Holding Company (through Retail Initiative Holdings Limited)	31.42	2(46)
3.	Retail Initiative Holdings Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai – 400 018	U67110MH2008PLC188837	Holding Company	68.58	2(46)
4.	Brainbees Solutions Private Limited Rajashree Business Park, Survey No. 338, Next to Sohrabh Hall, Tadiwala Road Pune Pune MH 411001 IN	U72100PN2010PTC136340	Associate Company	21.2	2(6)

Note - Mahindra Internet Commerece Private Limited ceased to be a wholly owned subsidiary of the Company with effect from 22nd March, 2017

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 1st Apri, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	688,463,236	688,463,236	100	–	748,463,236	748,463,236	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1)	–	**688,463,236**	**688,463,236**	**100**	–	**748,463,236**	**748,463,236**	**100**	–
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Any Others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
TOTAL (A)	–	**688,463,236**	**688,463,236**	**100**	–	**748,463,236**	**748,463,236**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st Apri, 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public (B)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**688,463,236**	**688,463,236**	**100**	–	**748,463,236**	**748,463,236**	**100**	–

(ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2016			Shareholding at the end of the year as on 31st March, 2017			% 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.	Retail Initiative Holdings Limited	513,288,514	74.56	–	513,288,514	68.58	–	(5.98)
2.	Mahindra Engineering and Chemical Products	168,001,000	24.40	–	235,174,722	31.42	–	7.02
3.	Technopak Advisors Private Limited	7,173,722	1.04	–	0		–	(1.04)
	Total	**688,463,236**	**100**	–	**748,463,236**	**100**	–	–

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

SN	Name of the Shareholder	Shareholding at the beginning of the year as on 1st April, 2016		Increase/ Decrease	Cumulative Shareholding during the year as on 31st March, 2017	
		No. of shares	% of total shares		No. of shares	% of total shares
1	**Technopak Advisors Private Limited**					
	At the beginning of the year	7,173,722	1.04			
	Decrease due to transfer of shares to Mahindra Engineering and Chemical Products Limited - 28th December, 2016			71,73,722		
	At the end of the year				Nil	Nil
2	**Mahindra Engineering and Chemical Products Limited**					
	At the beginning of the year	168,001,000	24.40			
	Increase due to allotment made on 20th December, 2016			40,000,000		
	Purchase of shares from Technopak Advisors Private Limited			7,173,722		
	Increase due to allotment made on 31st March, 2017			20,000,000		
	At the end of the year				235,174,722	31.42
3	**Retail Initiative Holdings Limited**					
	At the beginning of the year	513,288,514	74.56			
	At the end of the year				513,288,514	68.58

(iv) Shareholding Pattern of top ten Shareholders - Nil

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,227.08	1,500.00		5,727.08
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	30.31	22.65		52.96
Total (i+ii+iii)	**4,257.39**	**1,522.65**	**–**	**5,780.04**
Change in Indebtedness during the financial year				
* Addition	2,031.59	9,000.00		11,031.59
* Reduction	(3,044.53)			(3,044.53)
Net Change	**(1,012.94)**	**9,000.00**	**–**	**7,987.06**
Indebtedness at the end of the financial year				
i) Principal Amount	3,214.14	10,500.00		13,714.14
ii) Interest due but not paid				
iii) Interest accrued but not due		272.05		272.05
Total (i+ii+iii)	**3,214.14**	**10,772.05**		**13,986.19**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs.)
	Name	–	–	–
	Designation	–	–	–
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	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration to other Directors

	Particulars of Remuneration	Name of Directors				Total Amount (Rs. in Lakhs)
1	Independent Directors	* Arvind Kumar Singhal	* Rafique Abdul Malik	** Ajay Mehta	** Bharat Upadhyay	
	Fee for attending board committee meetings	0.70	0.50	0.30	0.30	1.80
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	0.70	0.50	0.30	0.30	1.80
2	Other Non-Executive Directors	–	–	–	–	–
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	0.70	0.50	0.30	0.30	1.80
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

** Mr. Arivind Singhal and Mr. Rafique Abdul Malik resigned with effect from 3rd January, 2017.*

*** Mr. Ajay Mehta and Mr. Bharat upadhay were appointed as Additional Independent Directors with effect from 8th February, 2017*

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

SN	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rs. in Lakhs)
		CEO	CS	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	260.66	–	44.27	304.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13.00	–	0.32	13.32
	(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	–	–	–	–
	Professional fees	–	0.27	–	–
	Total (C)	**273.66**	**0.27**	**44.59**	**381.52**

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					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman

Mumbai, 28th April, 2017

ANNEXURE VII TO THE DIRECTORS' REPORT

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION AND EMPLOYEE STOCK PURCHASE SCHEME:

The details of Employee Stock Option Scheme for FY 2016-17 is as follow:

(a) Options granted – NIL

(b) Options vested - NIL

(c) Options exercised - NIL

(d) The total number of shares arising as a result of exercise of option - NIL

(e) Options lapsed - NIL

(f) The exercise price – NA

(g) Variation of terms of options - NA

(h) Money realized by exercise of options - NIL

(i) Total number of options in force as on 31 March 2017 – 7,53,46,324

(j) Employee wise details of options granted to: N.A

  (i) Key Managerial Personnel – N.A

  (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

Zhooben Bhiwandiwala
Chairman

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RETAIL PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Retail Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Statement of Changes in Equity 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 are 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 and Companies (Indian Accounting Standards) Rules, 2015, 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 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. 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, 2017, 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, the statement of changes in Equity 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 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

    e. on the basis of written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 and 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 33 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. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 38(e).

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

M.K. Saraogi
Partner
Membership Number - 054106

Mumbai, April 28, 2017

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) There are no immovable property held by 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 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 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 generally 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 disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute except for:

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	305	2008-09	CIT(A)
Service tax	Service tax and interest there on	252.52	Sept 2009 to Sept 2011	Supreme Court

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. The Company has not issued debentures.

9 The Company has not raised any money from initial public offer or further offer (including debt instruments). In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.

10 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.

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 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.

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

M.K. Saraogi
Partner
Mumbai, April 28, 2017 Membership Number - 054106

ANNEXURE "II" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 10(f) 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 Retail Private Limited** ("the company") as of March 31, 2017 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 designed 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 control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2017, 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

M.K. Saraogi
Partner
Mumbai, April 28, 2017 Membership Number - 054106

BALANCE SHEET AS AT 31 MARCH 2017

Rupees in lakhs

		Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	3	**838.53**	1,191.19	1,683.39
	(b) Capital Work-in-Progress	3	**–**	183.09	1.68
	(c) Other Intangible Assets	4	**6.57**	89.25	21.73
	(d) Financial Assets		**–**	–	–
	(i) Investments	5	**35,548.39**	3,313.64	764.64
	(ii) Loans	6	**962.45**	1,220.88	1,196.91
	(e) Other Non-current Tax Assets	7	**60.79**	72.77	12.53
	(f) Other Non-current Assets	8	**256.61**	243.86	338.83
	SUB-TOTAL		**37,673.34**	6,314.68	4,019.71
	CURRENT ASSETS				
	(a) Inventories	9	**4,248.06**	7,092.25	3,660.27
	(b) Financial Assets				
	(i) Trade Receivables	10	**204.00**	82.99	399.23
	(ii) Cash and Cash Equivalents	11	**66.49**	170.50	1,023.76
	(iii) Other Bank Balances	11	**31.69**	31.69	27.30
	(iv) Loans	6	**189.63**	215.03	341.49
	(c) Other Current Assets	8	**285.06**	316.90	368.72
	SUB-TOTAL		**5,024.93**	7,909.36	5,820.77
	TOTAL ASSETS		**42,698.27**	14,224.04	9,840.48
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a) Equity Share Capital	12	**74,846.32**	68,846.32	53,346.32
	(b) Other Equity		**(49,915.87)**	(67,433.98)	(52,608.70)
	SUB-TOTAL		**24,930.45**	1,412.34	737.62
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings	13	**–**	2,215.19	3,045.14
	(ii) Other Financial Liabilities	18	**–**	354.26	15.21
	(b) Provisions	14	**9.69**	83.18	79.45
	(c) Other Non-current Liabilities	15	**–**	128.63	5.27
	SUB-TOTAL		**9.69**	2,781.26	3,145.07
3	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings	16	**13,714.14**	2,682.55	–
	(ii) Trade Payables	17	**908.70**	2,226.63	1,807.41
	(iii) Other Financial Liabilities	18	**318.42**	1,057.39	319.72
	(b) Provisions	14	**82.95**	62.39	37.82
	(c) Current Tax Liabilities (Net)	19	**100.00**	–	–
	(d) Other Current Liabilities	15	**2,633.92**	4,001.48	3,792.84
	SUB-TOTAL		**17,758.13**	10,030.44	5,957.79
	TOTAL		**42,698.27**	14,224.04	9,840.48

Accompanying notes are an integral part of Financial Statements

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M.K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Prakash Wakankar
Chief Executive Officer

Saroj Khuntia
Chief Financial Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Mumbai
Date: April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

Rupees in lakhs

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016
I. Revenue from operations	20	**17,729.98**	20,096.30
II. Other Income	21	**416.18**	209.20
III. Total Revenue (I + II)		**18,146.16**	20,305.50
IV. EXPENSES			
Purchases of Stock-in-trade		**11,225.14**	15,960.55
Changes in stock of finished goods, work-in-progress and stock-in-trade	22	**2,717.14**	(3,421.36)
Employee benefit expense	23	**3,538.12**	3,197.66
Finance costs	24	**1,091.51**	599.58
Depreciation and amortisation expense	25	**642.77**	1,076.18
Impairment expenses/losses	3	**–**	130.34
Other expenses	26	**8,463.16**	12,083.49
Total Expenses		**27,677.84**	29,626.44
V. Profit/(loss) before exceptional items and tax (III - IV)		**(9,531.68)**	(9,320.94)
VI. Exceptional Items -			
Gain on Slump Sale of Franchisee Business	27a	**35,029.17**	–
Loss on sales of Investment in Subsidiary	27b	**(4,389.64)**	–
Total Exceptional Items		**30,639.53**	–
VII. Profit/(loss) before tax (V - VI)		**21,107.85**	(9,320.94)
VIII. Tax expense			
(1) Current tax	19	**3,600.00**	–
Total tax expense		**3,600.00**	–
IX. Profit/(loss) for the period (VII - VIII)		**17,507.85**	(9,320.94)
X. Other comprehensive income			
A (i) Items that may be reclassified to profit or loss			
Actuarial (gain)/loss on gratuity and leave encashment	31	**10.26**	(4.34)
XI. Total comprehensive income for the period (IX + X)		**17,518.11**	(9,325.28)
XII. Earnings per equity share (for continuing operation):			
(1) Basic	28	**2.50**	(1.52)
(2) Diluted	28	**2.50**	(1.52)

Accompanying notes are an integral part of Financial Statements

As per our report of even date attached

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Chartered Accountants
Firm Registration No. 105102W

M.K. Saraogi
Partner
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Place: Mumbai
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For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
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Chief Financial Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Mumbai
Date: April 28, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Rupees in lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Cash flows from operating activities		
Profit before tax for the year	**21,107.85**	(9,320.94)
Adjustments for:		
Finance costs recognised in profit or loss	**1,091.51**	599.58
Liabilities no longer required written back	**(56.84)**	–
Provisions no longer required written back	**(213.01)**	–
Gain on Slump Sale of Franchisee Business	**(35,029.17)**	–
Loss on disposal of property, plant and equipment	**93.25**	(33.55)
Loss on Sale of investments in subsidiary	**4,389.64**	–
Depreciation and amortisation of non–current assets	**642.77**	1,076.18
Impairment of non–current assets	**–**	130.34
Interest Income	**(2.60)**	(2.66)
Movements in working capital:		
Increase in trade and other receivables	**(121.01)**	316.24
(Increase)/decrease in inventories*	**887.20**	(3,431.98)
(Increase)/decrease in other assets	**314.91**	189.04
Decrease in trade and other payables*	**(3,066.43)**	1,261.00
Cash generated from operations	**(9,961.93)**	(9,216.75)
Income taxes paid	**(3,500.00)**	–
Net cash generated by operating activities	**(13,461.93)**	(9,216.75)
Cash flows from investing activities		
Interest received	**2.60**	2.66
Payments for property, plant and equipment	**(169.54)**	(1,036.94)
Proceeds from disposal of property, plant and equipment*	**45.12**	107.25
Net cash inflow on slump sale*	**700.47**	–
Payment for acquisition of non current investments	**(1,178.71)**	(2,549.00)
Proceeds from disposal of non current investments	**14.00**	–
Net cash movement in Margin money deposit	**–**	(4.39)
	(586.06)	(3,480.42)
Net cash (used in)/generated by investing activities		
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**6,000.00**	10,000.00
Proceeds from borrowings	**11,031.59**	2,682.55
Repayment of borrowings	**(2,215.19)**	(257.86)
Interest paid	**(872.42)**	(580.78)
Net cash used in financing activities	**13,943.98**	11,843.91
Net increase in cash and cash equivalents	**(104.01)**	(853.26)
Cash and cash equivalents at the beginning of the year	**170.50**	1,023.76
Cash and cash equivalents at the end of the year	**66.49**	170.50

***** After adjustment of impact of non-cash movements on slump sales. Refer note 27 for details.

Accompanying notes are an integral part of Financial Statements

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M.K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

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Chief Executive Officer

Saroj Khuntia
Chief Financial Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Mumbai
Date: April 28, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

A. Equity share capital

	Rupees in lakhs
As at 1 April 2015	53,346.32
Changes in equity share capital during the year	15,500.00
As at 31 March 2016	68,846.32
Changes in equity share capital during the year	6,000.00
As at 31 March 2017	**74,846.32**

B. Other Equity

	Rupees in lakhs		
	Share application money pending allotment	Reserves and Surplus (Retained Earnings)	Total
As at 1 April 2015	5,500.00	(58,108.70)	(52,608.70)
Profit/(Loss) for the period		(9,320.94)	(9,320.94)
Other Comprehensive Income/(Loss)		(4.34)	(4.34)
Total Comprehensive Income for the year	–	(9,325.28)	(9,325.28)
Transfers from retained earnings	(5,500.00)	–	(5,500.00)
As at 31 March 2016	–	(67,433.98)	(67,433.98)
Profit/(Loss) for the period	–	17,507.85	17,507.85
Other Comprehensive Income/(Loss)	–	10.26	10.26
Total Comprehensive Income for the year	–	17,518.11	17,518.11
As at 31 March 2017	**–**	**(49,915.87)**	**(49,915.87)**

Accompanying notes are an integral part of Financial Statements

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M.K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
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Director

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Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Mumbai
Date: April 28, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Company Overview

Mahindra Retail, incorporated in 2007, marks the entry of the Mahindra group into the organized retail segment. Mahindra Retail operates in the M&C retail segment with its 'FirstCry.com a Mahindra Venture' branded stores. On 15 October 2016, Mahindra Retail entered into business transfer agreement with Brainbees Solutions Pvt Ltd (FirstCry.com). Under the agreement franchisee business has been sold to FirstCry.com and Mahindra Retail will operate as a master franchisee of FirstCry.com. All the franchisees of FirstCry.com will operate under a single brand name of 'FirstCry.com a Mahindra Venture'.

The immediate parent company of Mahindra Retail is Retail Initiative Holdings Limited (RIHL) and the ultimate holding company is Mahindra & Mahindra Limited, a company incorporated in India.

2. Significant accounting policies

(i) Basis for Preparation of Financial Statements

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from IGAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 35.

The financial statements were approved by the Company's Board of Directors and authorised for issue on 28 April 2017.

(a) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- certain financial assets and liabilities that are measured at fair values.
- defined benefit plans-plan assets measured at fair value.

(c) Use of judgements or estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(d) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

(ii) Significant Accounting Policies

a) Revenue recognition

Revenue is measured at fair value of consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Companies Activity as described below. The Company bases its estimates on the type of customer, the type of transaction and the specifics of each arrangement.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods

Sales are recognised when products are delivered to customer and when the significant risks/ rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period of contract as and when services are rendered.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

b) Employee Retirement Benefits:

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

The date of the plan amendment or curtailment, and - The date that the company recognises related restructuring costs Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c) Borrowing Costs

Borrowing costs, if any, directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed as incurred.

d) Foreign currency

The company determined the functional currency and items included in the financial statements are measured using the functional currency. The company's financial statements are presented in INR, which is the company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the spot rates at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference arising on settlement or translation of monetary items is recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered prior to 1 April 2015, the company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

f) Income Tax

Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 reporting date.

Deferred tax relating to items recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or 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.

g) Property Plant & Equipment

Property plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use as intended by management. The company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates these assets separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	(%)
Furniture & Fixtures	20.00
Office Equipment	20.00
Computers & Peripherals	33.34
Motor Vehicles	25.00

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful life are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leasehold improvements are depreciated over the total period of the lease, (including the renewal periods), or 5 years, whichever is lower.

h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful life of the Intangible assets are assessed as either finite or indefinite. The company does not have intangible asset whose useful life is assumed as indefinite. Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

A summary of the policies applied to the Company's intangible assets is, as follows:

	Software
Useful life	3 years
Amortisation method used	Amortised on a straight-line basis

i) Inventories

Inventories (Traded Goods) are valued at the lower of cost and net realisable value.

Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Packing Material and Consumables are valued at cost.

j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 with an amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets Initial recognition and measurement

All financial assets are recognised initially at fair value plus, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Debt instruments at amortised cost

b) Debt instruments at fair value through other comprehensive income (FVTOCI)

c) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as at FVTP In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments:

Investments in subsidiaries

A subsidiary is an enterprise that is controlled by another enterprise. Investments in subsidiaries are accounted at cost less identified impairment loss.

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associates are accounted at cost less identified impairment loss.

Other equity Instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay.

the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

- The company follows 'simplified approach' for recognition of impairment loss allowance on: Trade receivables or contract revenue receivables; and All lease receivables resulting from transactions within the scope of Ind AS 17. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.
- Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.
- ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider: All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI. For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

  The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination. Financial liabilities Initial recognition and measurement Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

  All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. Subsequent measurement The measurement of financial liabilities depends on their classification, as described below:

  Loans and borrowings

  This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

  Derecognition

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Initial recognition and measurement All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Accounting Treatment
Amortised Cost	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Fair value at reclassification date becomes its new amortised cost carrying amount. However cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(iii) Recent Accounting Pronouncements

a) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The company is evaluating the requirements of the amendment and the impact on the financial statements.

(iv) First-time adoption of Ind AS

These financial statements of the Company for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time Adoption of Indian Accounting Standards with effect from 1 April 2015 as the transition date and IGAAP as the previous GAAP.

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP (IGAAP) to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, Ind AS 101 provides certain optional exemptions which have been considered by the Company as detailed below.

a) Deemed cost of property, plant and equipment and intangible assets.

The Company has not elected the cost model as its accounting policy for valuation of tangible & intangible assets.

b) Investment in subsidiaries, associates and joint ventures

The Company has availed the exemption of previous GAAP carrying amount as deemed cost for its investment in subsidiaries, associates and joint ventures existing on transition date.

c) Leases

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Note No. 3 - Property, Plant and Equipment

Rupees in lakhs

Description of Assets	Leasehold Improvement	Office Equipment	Furniture and Fixtures	Computer & Peripherals	Vehicles	Total	Capital work in progress
I. Gross Carrying Amount							
Balance as at 1 April 2016	2,474.99	1,132.35	2,923.11	985.74	119.19	7,635.38	205.83
Additions	55.15	17.03	259.92	8.84	7.66	348.60	414.86
Disposals	(435.72)	(242.68)	(741.87)	(416.36)	(51.21)	(1,887.84)	(272.09)
Disposals on slump sale - Refer note 26	–	–	(8.64)	–	–	(8.64)	–
Transfers	–	–	–	–	–	–	(348.60)
Balance as at 31 March 2017	**2,094.42**	**906.70**	**2,432.52**	**578.22**	**75.64**	**6,087.50**	**–**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2016	2,206.85	1,083.55	2,323.24	771.96	58.60	6,444.20	22.73
Depreciation expense for the year	193.14	35.02	279.07	84.37	24.97	616.57	–
Eliminated on disposal of assets	(407.49)	(235.90)	(596.54)	(398.13)	(41.59)	(1,679.65)	–
Eliminated on disposal of assets on slump sale - Refer note 26	–	–	(1.81)	–	–	(1.81)	–
Reversals of impairment losses recognised in profit or loss	(73.94)	(35.94)	(20.31)	(0.15)	–	(130.34)	(22.73)
Balance as at 31 March 2017	**1,918.56**	**846.73**	**1,983.65**	**458.05**	**41.98**	**5,248.97**	**–**
III. Net carrying amount (I-II)-31 March 2017	**175.86**	**59.97**	**448.87**	**120.17**	**33.66**	**838.53**	**–**

Description of Assets	Leasehold Improvement	Office Equipment	Furniture and Fixtures	Computer & Peripherals	Vehicles	Total	Capital work in progress
I. Gross Carrying Amount							
Balance as at 1 April 2015	2,648.86	1,303.89	3,105.26	793.70	172.02	8,023.73	24.41
Additions	90.69	33.11	404.85	213.67	15.05	757.37	966.51
Disposals	(264.55)	(204.65)	(587.01)	(21.63)	(67.88)	(1,145.72)	(27.73)
Transfer	–	–	–	–	–	–	(757.37)
Balance as at 31 March 2016	2,475.00	1,132.35	2,923.10	985.74	119.19	7,635.38	205.82
II. Accumulated depreciation and impairment							
Balance as at 1 April 2015	2,107.17	1,018.74	2,411.79	734.38	68.26	6,340.34	22.73
Depreciation expense for the year	373.59	186.86	391.01	59.55	34.54	1,045.55	–
Eliminated on disposal of assets	(247.40)	(127.97)	(466.83)	(21.54)	(44.20)	(907.94)	–
Impairment losses recognised in profit or loss	73.94	35.94	20.31	0.15	–	130.34	–
Reversals of impairment losses recognised in profit or loss	(100.45)	(30.03)	(33.03)	(0.59)	–	(164.10)	–
Balance as at 31 March 2016	2,206.85	1,083.54	2,323.25	771.95	58.60	6,444.19	22.73
III. Net carrying amount (I-II) - 31 March 2016	268.15	48.81	599.85	213.79	60.59	1,191.19	183.09
Net carrying amount - 1 April 2015	541.69	285.15	693.47	59.32	103.76	1,683.39	1.68

Impairment losses recognised in the year:

Post review of the companies operations and the revised business model, management is of the view that no impairment is required for the year ended 31 March 2017.

During the previous year the Company had tested its Cash Generating Units i.e. stores for impairment in terms of adequacy of economic benefits over their useful life. On such testing, the Company had identified 9 Mom & Me stores and the Corporate Office at JP Nagar as impaired. Consequently a provision for impairment of such units amounting to Rs. 130.34 Lakhs has been made in the Statement of Profit and Loss.

Note No. 4 - Other Intangible Assets

Rupees in lakhs

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	565.69	565.69
Additions	26.77	26.77
Disposals	(573.11)	(573.11)
Balance as at 31 March 2017	**19.35**	**19.35**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	476.44	476.44
Amortisation expense for the year	26.20	26.20
Eliminated on disposal of assets	(489.86)	(489.86)
Balance as at 31 March 2017	**12.78**	**12.78**
III. Net carrying amount (I-II)	**6.57**	**6.57**

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at 1 April 2015	468.21	468.21
Additions	98.15	98.15
Disposals	(0.67)	(0.67)
Balance as at 31 March, 2016	**565.69**	**565.69**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2015	446.48	446.48
Amortisation expense for the year	30.63	30.63
Eliminated on disposal of assets	(0.67)	(0.67)
Balance as at 31 March, 2016	476.44	476.44
III. Net carrying amount (I-II)	**89.25**	**89.25**
Net carrying amount - 1 April 2015	**21.73**	**21.73**

Significant intangible assets:
The company recognizes computer software as intangible assets. The useful life for the purpose of amortization is 3 years from the date of acquisition/capitalization.

Note No. 5 - Investments

Rupees in lakhs

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Nos.	**Amount**	Nos.	Amount	Nos.	Amount
Particular		**Non Current**		Non Current		Non Current
Unquoted Investments at cost (all fully paid)						
Investments in Equity Instruments						
- of Subsidiaries (Equity shares of Rs. 10 each)						
Mahindra Internet Commerce Pvt Ltd - Refer note 27 (b)	**–**	**–**	330.00	3,313.64	76.46	764.64
- of associate (Equity shares of Rs. 5 each)						
Brainbees Solutions Private Limited - Refer note 27 (a)	**182.29**	**35,548.39**	–	–	–	–
TOTAL	**182.29**	**35,548.39**	330.00	3,313.64	76.46	764.64

Note (i):

	31 March 2017	31 March 2016	1 April 2015
Aggregate amount of unquoted investments	**35,548.39**	3,313.64	764.64

Note (ii):

Name of Associate	**Principal activity**	**Place of incorporation and operation**	**Proportion of voting power held**
Brainbees Solutions Private Limited	The business of wholesale trading of a wide variety of utility products including for infants, expecting mothers and children	India	21%

Note No. 6 - Loans

Rupees in lakhs

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars	**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
a) Security deposits						
- Unsecured, considered good	**189.63**	**962.45**	198.42	1,220.88	293.34	1,196.91
Total (A)	**189.63**	**962.45**	198.42	1,220.88	293.34	1,196.91
b) Loans to related parties						
- Unsecured, considered good	**–**	**–**	16.61	–	48.15	–
Total (B)	**–**	**–**	16.61	–	48.15	–
Grand Total (A+B)	**189.63**	**962.45**	215.03	1,220.88	341.49	1,196.91

For the period stated above no loans are due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

Note No. 7 - Other Tax Assets

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars	**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
Advance income tax - net of provisions	**–**	**60.79**	–	72.77	–	12.53
Total	**–**	**60.79**	–	72.77	–	12.53

Note No. 8 - Other assets

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars	**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Capital advances						
– For Capital work in progress	**–**	**–**	–	29.53	–	3.83

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
(b) Advances other than capital advances						
– Balances with government authorities (other than income taxes)	**–**	**–**	–			
– Other advances	**3.33**	**–**	4.17	–	3.00	–
– Other deposits	**–**	**2.19**	–	2.39	–	2.19
– Gratuity fund balance	**–**	**–**	–	–	–	7.21
– Advance for goods and services	**260.05**	**–**	193.29	–	213.28	–
– Prepaid expenses	**21.68**	**254.42**	119.44	211.94	152.44	325.60
Total	**285.06**	**256.61**	316.90	243.86	368.72	338.83

Note No. 9 - Inventories

Rupees in lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Stock-in-trade	**4,248.06**	6,965.20	3,543.84
Others - Consumables	**–**	127.05	116.43
Total Inventories (at lower of cost and net realisable value)	**4,248.06**	7,092.25	3,660.27

Note No. 10 - Trade receivables

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Trade receivables Unsecured			
- Considered good	**204.00**	82.99	399.23
- Considered doubtful	**–**	231.96	122.49
Less: Allowance for Credit Losses	**–**	(231.96)	(122.49)
	204.00	**82.99**	399.23
Of the above, trade receivables from:			
- Related Parties	**–**	–	–
- Others	**204.00**	82.99	399.23
Total	**204.00**	82.99	399.23

For the periods stated above, no debts are due from Directors or other Officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Note No. 11 - Cash and Bank Balances

Rupees in lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(A) Cash and cash equivalents			
- Balances with banks - Current Account	**40.54**	37.24	928.12
- Cash on hand	**25.95**	133.26	95.64
Total	**66.49**	170.50	1,023.76
(B) Other Bank Balances			
- On Margin Accounts - Refer note below	**31.69**	31.69	27.30
Total	**31.69**	31.69	27.30

Margin money accounts are fixed deposits with Banks as security against bank guarantees.

Note No. 12 - Equity Share Capital

Rupees in lakhs

Particulars	As at 31 March 2017 Nos.	As at 31 March 2017 Amount	As at 31 March 2016 Nos.	As at 31 March 2016 Amount	As at 1 April 2015 Nos.	As at 1 April 2015 Amount
Authorised:						
Equity shares of Rs. 10 each with voting rights	**9,500.00**	**95,000.00**	7,500.00	75,000.00	7,500.00	75,000.00
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**7,484.63**	**74,846.32**	6,884.63	68,846.32	5,334.63	53,346.32
Total	**7,484.63**	**74,846.32**	6,884.63	68,846.32	5,334.63	53,346.32

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees in lakhs

Particulars	As at 31 March 2017 Nos.	As at 31 March 2017 Amt	As at 31 March 2016 Nos.	As at 31 March 2016 Amt	As at 1 April 2015 Nos.	As at 1 April 2015 Amt
Balance at the beginning of the year	**6,884.63**	**68,846.32**	5,334.63	53,346.32	5,334.63	53,346.32
Add - Shares issued	**600.00**	**6,000.00**	1,550.00	15,500.00	–	–
Balance at the end of the year	**7,484.63**	**74,846.32**	6,884.63	68,846.32	5,334.63	53,346.32

(ii) Rights, preferences and restrictions attached to 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. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

	No. of Equity Shares with Voting rights		
Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
Retail Initiative Holdings Limited, the holding company	**5,132.89**	5,132.89	5,132.89
Mahindra Engineering & Chemical Products Ltd, the intermediate holding company	**2,351.74**	1,680.01	0.01

(iv) Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	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						
Retail Initiative Holdings Limited	**5,132.89**	**69%**	5,132.89	75%	5,132.89	96%
Mahindra Engineering & Chemical Products Ltd,	**2,351.74**	**31%**	1,680.01	24%	0.01	0%

Note No. 13 - Non-Current Borrowings

Rupees in lakhs

Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
Measured at amortised cost			
A. Secured :			
Term Loans			
- From Banks	**–**	2,212.09	3,023.31
- From Others Parties	**–**	3.10	21.83
Total	**–**	2,215.19	3,045.14

Term Loans from banks is secured by charge on entire assets of the company created/proposed to be created out of the term loan availed. The term loan carries interest rate of Base rate + 2% per annum. Term loan from Others secured by vehicles purchased and carries interest rate of 12% per annum. The holding company (Retail Initiative Holdings Limited and Mahindra Engineering and Chemical Private Limited) has provided the comfort Letter for the Term loan from Bank.

Term loan was repaid in full during the year ended 31 March 2017.

Note No. 14 - Provisions

Rupees in lakhs

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars	**Current**	**Non- Current**	Current	Non- Current	Current	Non- Current
(a) Provision for employee benefits						
- Provision for Compensated absences	**71.42**	**9.69**	41.66	83.18	37.82	79.45
- Provision for Gratuity	**11.53**	**–**	20.73	–	–	–
Total	**82.95**	**9.69**	62.39	83.18	37.82	79.45

Note No. 15 - Other Liabilities

Rupees in lakhs

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Particulars	**Current**	**Non- Current**	Current	Non- Current	Current	Non- Current
a. Advances received from customers	**60.00**	**–**	–	–	–	–
b. Defered Revenue						
- Deferred Revenue arising from Customer Loyalty programs, gift cards and gift vouchers	**9.33**	**–**	78.58	–	113.09	–
- Other Deferred Revenues - franchisee fees	**–**	**–**	–	–	8.16	–
- Other Deferred Revenues - security deposit	**–**	**–**	27.20	128.63	1.44	5.27
c. Others						
- Liablity for point award redemption	**–**	**–**	206.48	–	227.11	–
- Expenses payable	**1,923.47**	**–**	2,852.33	–	2,665.09	–
- Other payables	**72.16**	**–**	43.83	–	47.55	–
- Statutory dues (service tax, sales tax, TDS, etc)	**568.96**	**–**	793.06	–	730.40	–
Total	**2,633.92**	**–**	4,001.48	128.63	3,792.84	5.27

Note No. 16 - Current Borrowings

Rupees in lakhs

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A. Secured :			
Loans repayable on demand			
– From Banks – Refer note 1 below	**3,214.14**	1,182.55	–
Total	**3,214.14**	1,182.55	–
B. Unsecured			
Loans from related parties – Refer note 2 below	**10,500.00**	1,500.00	–
Total	**10,500.00**	1,500.00	–
Total (A+B)	**13,714.14**	2,682.55	–

Notes:

1. Overdraft is from bank and is secured by hypothecation of the entire current assets of the company both present and future. The cash credit carries an interest rate of 11.25% per annum.
2. Inter Corporate Deposit from related parties are unsecured and it carries an interest rate of 11.25 % per annum.

Note No. 17 - Trade Payables

Rupees in lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Trade payable – Micro and small enterprises	**–**	468.69	463.00
Trade payable – Other than micro and small enterprises	**908.70**	1,757.94	1,344.41
Total	**908.70**	2,226.63	1,807.41

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 18 - Other Financial Liabilities

Rupees in lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Other Financial Liabilities Measured at Amortised Cost			
Non-Current			
- Security Deposits	–	468.69	463.00
Total	**–**	354.26	15.21
Current			
- Current maturities of long-term debt	**–**	829.34	257.25
- Interest accrued but not due	**272.05**	52.96	34.16
- Creditors for capital supplies/services	**46.37**	175.09	28.31
Total	**318.42**	1,057.39	319.72

Note No. 19 - Current Tax Liability

Rupees in lakhs

Particulars	As at 31 March 2017 Current	As at 31 March 2016 Current	As at 1 April 2015 Current
Opening balance	**–**	–	–
Add - Current tax payble	**3,600.00**	–	–
Less - Taxes paid	**(3,500.00)**	–	–
Total	**100.00**	–	–

Note:

Reconciliation of tax expenses and accounitng profit multiplied by India's Tax Rate

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Profit/(loss) before tax as per the Statement of Profit and Loss	**21,107.85**	(9,320.94)
Tax Rate in India	**34.61**	34.61
Tax as per tax rates	**7,305**	(3,226)
Reconciling items:		
Previously unrecognized tax losses now recouped to reduce the current tax expenses	**(2,024)**	–
Permanent differences not deductible for tax purposes and temporary differences on which no Deferred Tax asset is considered(Refer Note 37)	**130**	3,226
Difference in tax rates under normal provisions and for long term capital gains	**(1,811)**	–
Current tax as per statement of profit and loss	**3,600**	–

Note No. 20 - Revenue from Operations

Rupees in lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from sale of products	**17,183.23**	19,793.10
Revenue from rendering of services	**40.67**	33.46
Other operating revenue	**506.08**	269.74
Total	**17,729.98**	20,096.30

Note No. 21 - Other Income

Rupees in lakhs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Interest Income		
On Financial Assets at Amortised Cost	**83.72**	155.03
Interest from fixed deposits	**2.60**	2.66
Interest on Income tax refund	**1.08**	0.10
Interest on Inter Corporate Deposit given	**18.25**	–
(b) Other Non Operating Income		

Particulars	For the year ended 31 March 2017	Rupees in lakhs For the year ended 31 March 2016
Profit on sale of capital assets (net)	–	33.55
Liabilities no longer required written back	**56.84**	–
Provisions no longer required written back	**213.01**	–
Other Non Operating Income	**40.68**	17.86
Total Other Income	**416.18**	209.20

Note 22 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March 2017	Rupees in lakhs For the year ended 31 March 2016
Inventories at the end of the year:		
Stock-in-trade	**4,248.06**	6,965.20
	4,248.06	6,965.20
Inventories at the beginning of the year:		
Stock-in-trade	**6,965.20**	3,543.84
	6,965.20	3,543.84
Net (increase)/decrease	**2,717.14**	(3,421.36)

Note No. 23 - Employee Benefits Expense

Particulars	For the year ended 31 March 2017	Rupees in lakhs For the year ended 31 March 2016
Salaries and wages	**3,245.77**	2,966.07
Contribution to provident and other funds	**149.39**	160.15
Staff welfare expenses	**142.96**	71.44
Total	**3,538.12**	3,197.66

Note No. 24 - Finance Cost

Particulars	For the year ended 31 March 2017	Rupees in lakhs For the year ended 31 March 2016
Interest expense On Financial Liability at Amortised Cost	**1,070.28**	551.53
Other borrowing cost	**21.23**	48.05
Total	**1,091.51**	599.58

Note No. 25 - Depreciation and amortization

Particulars	For the year ended 31 March 2017	Rupees in lakhs For the year ended 31 March 2016
Depreciation of Property Plant & Equipment	**616.57**	1,045.55
Amortization of Intangible Assets	**26.20**	30.63
Total	**642.77**	1,076.18

Note No. 26 - Other Expenses

Particulars	For the year ended 31 March 2017	Rupees in lakhs For the year ended 31 March 2016
Stores consumed	**123.29**	161.19
Power and Fuel	**465.95**	631.20
Rent including lease rentals	**3,358.54**	4,016.63
Rates and taxes	**63.77**	222.11
Insurance	**20.89**	33.08
Repairs and maintenance – Buildings	**0.05**	0.33
Repairs and maintenance – Others	**57.39**	173.13
Advertisement	**70.41**	957.35
Freight outward	**95.53**	142.52
Sales promotion expenses	**620.28**	1,876.77
Travelling and conveyance expenses	**167.18**	278.39
Commission, discounts and rebates	**747.64**	636.35
Provision for doubtful trade and other receivables, loans	**–**	109.46
Net loss/(gain) on foreign currency transactions	**(1.21)**	5.28
Auditors remuneration (refer note below)	**12.19**	11.78
Legal and other professional costs	**455.50**	692.90
Security expenses	**80.83**	149.11
House keeping	**163.75**	210.76
Software expenses	**102.25**	64.76
Warehousing charges	**778.86**	844.59
Communication charges	**95.99**	106.19
Loss on Sale of capital assets (Net)	**115.98**	–
Advances written off	**50.72**	1.38
Stock damages write off	**265.96**	162.23
Provision for Inventory write off	**–**	15.84
Other general expenses	**551.42**	580.16
Total	**8,463.16**	12,083.49

Note:

Auditors remuneration and out-of-pocket expenses		
As Auditors	10.67	11.58
For Taxation matters	1.52	–
For Other services	–	0.20
Total	**12.19**	**11.78**

Note No. 27 - Exceptional Items

a Gain on Slump Sale of Franchisee Business

Profit on sale of franchise business

During the year, the Company entered into a business transfer agreement (BTA) dated October 15, 2016, with Brainbees Solutions Private Limited(Brainbees or 'the Buyer') Pursuant to this agreement, Franchise Owned and Franchise Operated Channel business ('FOFO Business') was sold to Brainbees (along with all assets,liabilities contracts, Intellectual properties(including Trademarks,domain names,etc.) as a slump sale in exchange for fully paid up equity shares of 'the Buyer' Rs. 35,459.68 Lakhs and cash consideration of Rs. 750.00 lakhs in cash.The Company has recorded the gain of Rs. 35,029.17 lakhs on this transaction as an exceptional item for the year ended 31 March 2017.

The details of net assets taken over, expenses incurred and purchase consideration are as follows :

Assets	**Rupees in lakhs**
Carrying amount of property, plant and equipment ...	6.83
Inventories	1,956.99
Total Assets	**1,963.82**
Liabilites	
Deposits from franchisee	575.85
Trade payables	171.62
Other current liabilities.....	85.37
Total Liabilities	**832.84**
Net Assets.....	**1,130.98**
Add: Expenses on business transfer.....	49.53
Less: Purchase Consideration	36,209.68
Net (Gain)/Loss on Business Transfer.....	**(35,029.17)**

b Loss on sales of Investment in Subsidiary

During the year the company has disinvested its entire holding in its Subsidiary Company, Mahindra Internet Commerce Private Limited for Rs. 14.00 Lakh. The resultant loss of Rs. 4,389.64 lakhs has been accounted in the books.

Note No. 28 - Earnings per Share

Basic and Diluted Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		Rupees in lakhs
Particulars	**For the year ended 31 March 2017**	For the year ended 31 March, 2016
Profit/(loss) for the year attributable to the owners of the Company	**17,507.85**	9,320.94
Profits used in the calculation of basic and diluted earnings per share.....	**17,507.85**	9,320.94
Weighted average number of equity shares (Nos.)	**6,996.96**	6,146.27
Earnings per share - Basic and Diluted.....	**2.50**	(1.52)

Note No. 29 - Financial Instruments

Capital management

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.

	31-Mar-17	31-Mar-16	1-Apr-15
Equity	**24,930.45**	1,412.34	737.62
Less: Cash and cash equivalents	**66.49**	170.50	1,023.76
	24,863.96	1,241.84	(286.14)

Categories of financial assets and financial liabilities

	As at 31 March 2017	
	Amortised Costs	**Total**
Non-current Assets		
Investments.....	**35,548.39**	**35,548.39**
Loans.....	**962.45**	**962.45**
Current Assets		
Trade Receivables	**204.00**	**204.00**
Other Bank Balances.....	**31.69**	**31.69**
Loans.....	**189.63**	**189.63**
Current Liabilities		
Borrowings.....	**13,714.14**	**13,714.14**
Trade Payables	**908.70**	**908.70**
Other Financial Liabilities	**318.42**	**318.42**

	As at 31 March 2016	
	Amortised Costs	**Total**
Non-current Assets		
Investments.....	3,313.64	3,313.64
Loans.....	1,220.88	1,220.88
Current Assets		
Trade Receivables	82.99	82.99
Other Bank Balances.....	31.69	31.69
Loans.....	215.03	215.03
Non-current Liabilities		
Borrowings.....	2,215.19	2,215.19
Current Liabilities		
Borrowings.....	2,682.55	2,682.55
Trade Payables	2,226.63	2,226.63
Other Financial Liabilities	1,057.39	1,057.39

	As at 1 April 2015	
	Amortised Costs	**Total**
Non-current Assets		
Investments.....	764.64	764.64
Loans.....	1,196.91	1,196.91

	As at 1 April 2015	
	Amortised Costs	Total
Current Assets		
Trade Receivables	399.23	399.23
Other Bank Balances	27.30	27.30
Loans	341.49	341.49
Non-current Liabilities		
Borrowings	3,045.14	3,045.14
Current Liabilities		
Trade Payables	1,807.41	1,807.41
Other Financial Liabilities	319.72	319.72

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non–derivative financial liabilities				
31–Mar–17				
Non–interest bearing	1,227.12	–	–	–
Variable interest rate instruments	3,214.14	–	–	–
Fixed interest rate instruments	10,500.00	–	–	–
Total	**14,941.26**	**–**	**–**	**–**
31–Mar–16				
Non–interest bearing	2,100.42	–	354.26	–
Variable interest rate instruments	2,011.89	2,215.19	–	–
Fixed interest rate instruments	1,500.00	–	–	–
Total	**5,612.31**	**2,215.19**	**354.26**	**–**
1–Apr–15				
Non–interest bearing	2,127.13	–	–	–
Variable interest rate instruments	–	3,040.17	4.97	–
Fixed interest rate instruments	–	–	–	–
Total	**2,127.13**	**3,040.17**	**4.97**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31–Mar–17	31–Mar–16	1–Apr–15
Secured Bank Overdraft facility			
– Expiring within one year	**485.86**	2,517.45	–
– Expiring beyond one year	**–**	–	–
Undrawn Inter Company Deposits available	**–**	–	
– Expiring within one year	**39,500.00**	–	–
– Expiring beyond one year			
	39,985.86	2,517.45	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non–derivative financial assets				
31–Mar–17				
Non–interest bearing	405.40	612.98	298.71	35,587.37
Fixed interest rate instruments	31.69	–	–	–
Total	**437.09**	**612.98**	**298.71**	**35,587.37**
31–Mar–16				
Non–interest bearing	521.47	198.48	627.08	3,485.50
Fixed interest rate instruments	31.69	–	–	–
Total	**553.16**	**198.48**	**627.08**	**3,485.50**

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
1–Apr–15				
Non–interest bearing	1,251.02	167.41	393.83	890.02
Fixed interest rate instruments.....	27.30	–	–	–
Total	**1,278.32**	**167.41**	**393.83**	**890.02**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Payables	USD	9.99	10.10	234.88

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Payables	USD	9.99	10.10	234.88

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	USD	+10%	(1.00)	(1.00)
	USD	-10%	1.00	1.00
31-Mar-16	USD	+10%	(1.01)	(1.01)
	USD	-10%	1.01	1.01

The company does not have material foreign currency exposure and as such the sensitivity of exchange rates on the profit & loss is negligible.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The company's current exposure are for a period of 12 months, towards short term borrowings from Bank & Group companies. These limits are renewed every year based on the cash flow requirement.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	INR	+50	(68.57)
	INR	-50	68.57
31-Mar-16	INR	+50	(24.49)
	INR	-50	24.49

OTHER PRICE RISK

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Note No. 30 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees in lakhs

Particulars	31–Mar–17		31–Mar–16		1–Apr–15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– investments in Associate.....	35,548.39	35,548.39				
– investments in Subsidiary			3,313.64	3,313.64	764.64	764.64
– trade and other receivables	204.00	204.00	82.99	82.99	399.23	399.23
– Loans (Security deposit)	1,152.08	1,152.08	1,435.91	1,435.91	1,538.40	1,538.40

Rupees in lakhs

Particulars	31–Mar–17		31–Mar–16		1–Apr–15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Financial liabilities held at amortised cost						
– bank loans	13,714.14	13,714.14	4,897.74	4,897.74	3,045.14	3,045.14
– trade and other payables	1,227.12	1,227.12	3,284.02	3,284.02	2,127.13	2,127.13
Financial lease payables						
Total	51,845.73	51,845.73	13,014.30	13,014.30	7,874.54	7,874.54

Fair value hierarchy as at 1 April 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Associate	–	–	35,548.39	35,548.39
– investments in Subsidiary	–	–	–	–
– trade and other receivables	–	204.00	–	204.00
– Loans (Security deposit)	–	1,152.08	–	1,152.08
Total	–	1,356.08	35,548.39	36,904.47
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	13,714.14	–	13,714.14
– trade and other payables	–	1,227.12	–	1,227.12
Total	–	14,941.26	–	14,941.26

Fair value hierarchy as at 31 March 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Associate	–	–	–	–
– investments in Subsidiary	–	–	3,313.64	3,313.64
– trade and other receivables	–	82.99	–	82.99
– Loans (Security deposit)	–	1,435.91	–	1,435.91
Total	–	1,518.90	3,313.64	4,832.54
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	4,897.74	–	–
– trade and other payables	–	3,284.02	–	–
Total	–	8,181.76	–	–

Fair value hierarchy as at 1st April 2015

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Associate	–			
– investments in Subsidiary	–	–	764.64	764.64
– trade and other receivables	–	399.23	–	399.23
– Loans (Security deposit)	–	1,538.40	–	1,538.40
Total	–	1,937.63	764.64	2,702.27
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	3,045.14	–	3,045.14
– trade and other payables	–	2,127.13	–	2,127.13
Total	–	5,172.27	–	5,172.27

Note No. 31 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Employee State Insurance aggregating Rs. 123.73 Lakhs (2016 : Rs.136.56 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the 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.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked GILTS, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations for gratuity and leave encashment were as follows:

	Valuation as at		
	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate(s)	6.81%	7.42%	7.74%
Expected rate(s) of salary increase	10.00%	10.00%	10.00%
Attrition Rate	20.00%	20.00%	20.00%
Expected Return on Assets	6.81%	8.00%	8.00%

Defined benefit plans – as per actuarial valuation on 31 March, 2017

	Rupees in lakhs	
	Funded Plan	
	Gratuity	
Particulars	**2017**	2016
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**26.17**	24.15
Net interest expense	**(0.51)**	(0.56)
Components of defined benefit costs recognized in profit or loss	**25.66**	23.59
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(1.00)**	(0.70)
Actuarial gains and loss arising form changes in financial assumptions	**2.54**	-
Actuarial gains and loss arising form experience adjustments	**(11.80)**	5.04
Components of defined benefit costs recognized in other comprehensive income	**(10.26)**	4.34
Total	**15.40**	27.93

	Rupees in lakhs	
	Funded Plan	
	Gratuity	
Particulars	**2017**	2016
I. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March		
- Present value of defined benefit obligation as at 31st March	**78.69**	94.67
- Fair value of plan assets as at 31st March	**67.16**	73.94
Surplus/(Deficit)	**11.53**	20.73
Current portion of the above	**11.53**	20.73
II. Change in the obligation during the year ended 31st March		
- Present value of defined benefit obligation at the beginning of the year	**94.67**	103.16
- *Expenses Recognized in Profit and Loss Account*	**–**	–
- Current Service Cost	**26.17**	24.15
- Interest Expense (Income)	**5.59**	6.03
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:	**(9.26)**	5.04
Benefit payments	**(38.48)**	(43.71)
Present value of defined benefit obligation at the end of the year	**78.69**	94.67
III. Change in fair value of assets during the year ended 31st March		
Fair value of plan assets at the beginning of the year	**73.94**	110.36
Expenses Recognized in Profit and Loss Account		
- Expected return on plan assets	**6.10**	6.59
Recognized in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	**1.00**	0.70
Contributions by employer (including benefit payments recoverable)	**24.60**	-
Benefit payments	**(38.48)**	(43.71)
Fair value of plan assets at the end of the year	**67.16**	73.94

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
	2017	1.00%	(4.09)	4.53
	2016	1.00%	2.93	(3.23)
Discount rate	2015	1.00%	1.92	(4.24)
	2017	1.00%	3.83	(3.53)
	2016	1.00%	(2.78)	2.58
Salary growth rate	2015	1.00%	(3.78)	1.57
	2017	+/- 1 year	0.01	(0.02)
Life expectancy	2016	+/- 1 year	-	(0.16)
	2015	+/- 1 year	(1.00)	(1.16)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and

changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The amounts expected to be contributed to the Gratuity trust is provided below :

	2017	2016	2015
Within 1 year			
1 - 2 year	**13.75**	26.86	26.86
2 - 3 year	**5.12**	4.98	4.98
3 - 4 year	**4.21**	4.08	4.08
4 - 5 year	**3.47**	3.34	3.34
5 - 10 years	**12.62**	11.20	11.20

Plan Assets :

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

Experience Adjustments :	Period Ended				
	2017	2016	2015	2014	2013
	Gratuity				
1. Defined Benefit Obligation	**78.69**	94.67	103.16	97.22	76.41
2. Fair value of plan assets	**67.16**	73.94	110.37	79.44	82.22
3. Surplus/(Deficit)	**(11.53)**	(20.73)	7.20	(17.78)	5.80
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**11.80**	5.04	(12.69)	(15.19)	(2.95)
5. Experience adjustment on plan assets [Gain/(Loss)]	**(1.00)**	(0.70)	(2.75)	5.46	0.61

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.

Note No. 32 - Related Party Transactions

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Retail Initiative Holding Limited
Intermediate Holding Company	Mahindra Engineering and Chemical Products Limited
Subsidiary Company	Mahindra Internet Commerce Private Limited - upto 22nd March 2017
Associate Company	Brainbees Solutions Private Limited
Fellow Subsidiaries	Mahindra Logistics Limited
	Bristlecone India Limited
	Mahindra EPC Services Private Limited
	Mahindra BPO Services Private Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra First Choice Wheels Limited
	Mahindra Intertrade Limited
	Lords Freight Private Limited
Key Managerial Personnel (KMP)	Prakash Wakankar (CEO)
	Saroj Khuntia (CFO)

Details of transaction between the Company and its related parties are disclosed below:

Rupees in lakhs

Particulars	**For the year ended**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Subsidiaries**	**Fellow Subsidiaries**	**Associate**	**KMP of the Company**
Nature of transactions with Related Parties							
Sale of goods	**31–Mar–17**	**–**	**–**	**–**	**–**	**1,143.15**	**–**
	31–Mar–16	–	–	140.78	–	–	–
Purchase of goods	**31–Mar–17**	**–**	**–**	**197.87**	**–**	**5,030.29**	**–**
	31–Mar–16	–	–	186.31	–	–	–
Purchase of property and other assets	**31–Mar–17**		**–**	**–**	**–**	**–**	**–**
	31–Mar–16	8.71	–	–	–	–	–
Rendering of services	**31–Mar–17**	**–**	**–**	**48.43**	**–**	**–**	**–**
	31–Mar–16	–	–	16.21	–	–	–
Receiving of services	**31–Mar–17**	**–**	**–**	**116.73**	**–**	**–**	**–**
	31–Mar–16	–	–	94.00	–	–	–
Intercorporate deposits taken	**31–Mar–17**	**7,000.00**	**–**	**–**	**2,000.00**	**–**	**–**
	31–Mar–16	–	–	–	1,500.00	–	–
Intercorporate deposits given	**31–Mar–17**	**–**	**–**	**1,000.00**	**–**	**–**	**–**
	31–Mar–16	–	–	–	–	–	–

Rupees in lakhs

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associate	KMP of the Company
Intercorporate deposits Refunded	**31–Mar–17**	**–**	**–**	**1,000.00**	**–**	**–**	**–**
	31–Mar–16	–	–	–	–	–	–
Equity contribution by the Company	**31–Mar–17**	**–**	**6,000.00**	**–**	**–**	**–**	**–**
	31–Mar–16	–	15,500.00	–	–	–	–
Equity contribution to the Company	**31–Mar–17**	**–**	**–**	**1,090.00**	**–**	**–**	**–**
	31–Mar–16	–	–	2,549.00	–	–	–
Consulting Charges	**31–Mar–17**	**–**	**–**	**–**	**107.70**	**–**	**–**
	31–Mar–16	–	–	–	165.95	–	–
Logistic Expenses:	**31–Mar–17**	**–**	**–**	**–**	**896.60**	**–**	**–**
	31–Mar–16	–	–	–	771.40	–	–
Interest Expense	**31–Mar–17**	**261.68**	**–**	**–**	**298.04**	**–**	**–**
	31–Mar–16	–	–	–	24.72	–	–
Interest Income	**31–Mar–17**	**–**	**–**	**18.25**	**–**	**–**	**–**
	31–Mar–16	–	–	–	–	–	–
Other Expenses	**31–Mar–17**	**188.86**	**–**	**–**	**–**	**–**	**–**
	31–Mar–16	56.24	–	–	0.58	–	–
Managerial Remuneration	**31–Mar–17**	**–**	**–**	**–**	**–**	**–**	**318.25**
	31–Mar–16	–	–	–	–	–	275.00

Balance Outstanding with related parties are disclosed below:

Nature of Balances with Related Parties	Balance as on	Parent Company	Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associate	KMP of the Company
Payables	**31-Mar-17**	**258.41**	**–**	**–**	**183.49**	**40.00**	**–**
	31-Mar-16	362.67	–	–	66.00	–	–
	31-Mar-15	313.08	–	1.32	63.63	–	–
ICD Interest Payable	**31-Mar-17**	**235.51**	**–**	**–**	**36.54**	**–**	**–**
	31-Mar-16	–	–	–	–	–	–
	31-Mar-15	–	–	–	–	–	–
Intercorporate Deposit payable	**31-Mar-17**	**7,000.00**	**–**	**–**	**3,500.00**	**–**	**–**
	31-Mar-16	–	–	–	1,500.00	–	–
	31-Mar-15	–	–	–	–	–	–
Receivable	**31-Mar-17**	**–**	**–**	**–**	**2.60**	**245.98**	**–**
	31-Mar-16	–	0.67	64.57	11.42	–	–
	31-Mar-15	–	–	20.67	11.46	–	–

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	Year ended 31/03/2017	Year ended 31/03/2016
Short-term employee benefits	**308.70**	269.00
Post-employment benefits	**9.55**	6.00
Total	**318.25**	275.00

Note No. 33 - Contingent liabilities and commitments

Rupees in lakhs

Contingent liabilities	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a) Claims against the Company not acknowledged as debt - Income Tax demand.....	**360.00**	360.00	–
Commitments			
(b) Estimated amount of contracts remaining to be executed on capital account - net of advance	**–**	7.94	–

Note No. 34 - Events after the reporting period

There are no material events after the balance sheet date, upto the date of adoption of the financial statements.

Note No. 35 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Rupees in lakhs

Particulars	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP.....	(67,527.40)	(58,220.21)
Ind AS: Adjustments increase (decrease):		
(i) Upfront Franchise Fees deferred	–	(8.16)
(ii) Processing Fees Deferred	20.91	36.69
(iii) Liablity for Point Award Redemption @30% discounted value	88.49	97.33
(iv) Gift vouchers @40% discounted value	27.36	36.43
(v) Gift cards/Brekages @10% discounted value.....	15.68	6.49
(vi) Prepaid rent amortisation.....	(467.07)	(323.46)
(vii) Interest income on security deposit	406.16	266.11
(viii) Interest Expense.....	(13.59)	(0.41)

Particulars		Rupees in lakhs As at 31 March 2016	As at 1 April 2015
(ix)	Interest income	15.47	0.49
Opening IND As adjustment			
Equity as reported under IND AS		(67,433.98)	(58,108.70)

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars		Year Ended 31 March 2016
Profit or Loss as per previous GAAP		(9,307.18)
Ind AS: Adjustments increase (decrease):		
(i)	Upfront Franchise Fees deferred	8.16
(ii)	Processing Fees Deferred	(15.77)
(iii)	Liablity for Point Award Redemption @30% discounted value	(8.84)
(iv)	Gift vouchers @40% discounted value	(9.07)
(v)	Gift cards / Brekages @10% discounted value	9.19
(vi)	Prepaid rent amortisation	(143.61)
(vii)	Interest income on security deposit	140.06
(viii)	Interest Expense	(13.19)
(ix)	Interest income	14.98
(x)	Actuarial (gain)/loss on gratuity and leave encashment	4.34
Total adjustment to profit or loss		(13.75)
Profit or Loss under Ind AS		(9,320.94)
Other comprehensive income - Acturial (gain)/Loss		(4.34)
Total comprehensive income under Ind ASs		(9,325.28)

(iii) Material adjustments to the Statement of Cash Flows

PARTICULARS	Previous GAAP	Year ended 31 March 2016 Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(9,073.36)	(143.39)	(9,216.75)
Net cash flows from investing activities	(3,480.33)	(0.09)	(3,480.42)
Net cash flows from financing activities	11,700.43	143.48	11,843.91
Net increase (decrease) in cash and cash equivalents	(853.26)	0.00	(853.26)
Cash and cash equivalents at beginning of period	1,023.76	–	1,023.76
Cash and cash equivalents at end of period	170.50	–	170.50

Ind AS Adjustments

	Previous GAAP	Ind AS	Ind AS Adjustment
Loss after tax	(9,307.18)	(9,325.28)	(18.09)
Finance Cost - Exclusion of bank charges from finance cost	727.29	599.58	(127.72)
Net change in working capital	(1,663.69)	(1,661.36)	2.33
Total	(10,243.58)	(10,387.06)	(143.48)

Note No. 36 - Leases

Particulars		Rupees in lakhs For the year ended 31 March 2017	For the year ended 31 March 2016
Details of leasing arrangements			
As Lessee			
Operating Lease			
The Company has entered into operating lease arrangements for its stores and office premises. The leases are non-cancellable for a period of 2 years, the term of the arrangement is for 9 years. The lease arrangement may be renewed for a further period of 2 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 10% to15% every 3 years.			
Future Non-Cancellable minimum lease commitments			
	not later than one year	**6.34**	30.59
	later than one year and not later than five years	**–**	6.34
	later than five years	**–**	–
Expenses recognised in the Statement of Profit and Loss			
	Minimum Lease Payments	**2,909.33**	3,807.57
	Contingent rents (Revenue sharing basis)	**449.21**	209.06
		3,358.54	4,016.63

Note No. 37 - Deferred Tax Assets

Since there is no probable certainty of taxable income in future against which deferred tax assets can be realised, the Company has not recognized deferred tax assets (net) during the current year.

Note No. 38 - Additional Information to the Financial Statements

a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rupees in lakhs

Particulars		31-Mar-17	31-Mar-16
(i)	Principal amount remaining unpaid to MSME suppliers beyond the stipulated period as on 31st Mar	**–**	–
(ii)	Interest due on unpaid principal amount to MSME suppliers as on 31st Mar	**–**	–
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**0.55**	–
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	2.47
(v)	The amount of interest accrued and remaining unpaid as on	**–**	2.47
(vi)	The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**25.56**	26.11

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.

b) Value of imports calculated on CIF basis:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Trading goods	**1,957.80**	3,007.4

c) Expenditure in foreign currency on account of:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling Expense	**16.75**	28.77
Commission On Sales	**44.91**	25.72
Royalty	**131.02**	77.17
Others	**13.86**	3.84
Total	**206.54**	135.50

d) Earnings in foreign exchange

	For the year ended 31 March 2017	For the year ended 31 March 2016
Export of goods calculated on FOB basis	**4.12**	52.92

e) Details of Specified Bank notes & Transactions during period 8th Nov 2016 to 30th Dec 2016

Particluar	SBNs	Other denomination	Total
Closing Cash in Hand as on 08.11.2016	33.04	159.39	192.42
(+) Permitted Receipts	–	205.66	205.66
(-) Permitted Payments	–	20.11	20.11
(-) Amount Deposited in Banks	33.04	250.75	283.78
Closing Cash in Hand as on 30.12.2016	–	94.19	94.19

Note No. 39 - Segment information

The Company is primarily in the business of distribution of and retailing a variety of lifestyle and consumer products through its own branded stores in India, which in the context of Ind AS 108 on Operating Segments constitutes a single reporting segment.

Note 40 - Previous year figures have been re-grouped wherever necessary

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

M.K. Saraogi
Partner
Membership No. 054106

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Parag Shah
Director

Prakash Wakankar
Chief Executive Officer

Saroj Khuntia
Chief Financial Officer

Gajendra Mewara
Company Secretary
Membership No. 22941

Place: Mumbai
Date: April 28, 2017

DIRECTORS' REPORT

Your Directors present their Tenth Report together with the audited financial statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF THE COMPANY AFFAIRS:

(` in Crores)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016*
Income		
Revenue from Operations	**2,588.69**	1,994.96
Other Income	**8.96**	12.85
Total Income	**2,597.65**	2,007.81
Expenses		
Employee Benefit Expenses	**182.28**	144.90
Other Expenses	**2,338.52**	1,798.79
Depreciation and Amortization Expenses	**8.91**	6.62
Finance Costs	**0.26**	0.15
Total Expenses	**2,529.97**	1,950.46
Profit/(Loss) before Tax	**67.68**	57.35
Provision for Tax	**22.87**	20.04
Profit/ (Loss) after Tax	**44.81**	37.31
Other comprehensive income		
Remeasurements of the defined benefit plans – Gains/(Losses)	**(0.72)**	(0.42)
Income tax relating to items that will not be reclassified to profit or loss	**0.25**	0.14
Total Other Comprehensive Income	**(0.47)**	(0.28)
Total comprehensive income for the period	**44.34**	37.03
Balance of Profit from Earlier Years	**141.35**	104.32
Balance carried Forward to Reserve	**185.69**	141.35
	–	–
Net worth	**348.82**	303.77

* *Previous year's figures have been restated in pursuance of provisions of Indian Accounting Standards (IND AS) specified in Companies Act, 2013.*

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 OF THE COMPANY

Your Company recorded gross income of Rs. 2,597.65 crores for the year under review as against gross income of Rs. 2,007.81 crores in the previous year registering a growth of 29.38%. The total comprehensive income for the current financial year is Rs. 44.34 crores (after accounting of deferred tax income of Rs. 2.94 crores) as compared to Rs. 37.03 crores in the previous year (after accounting of deferred tax income of Rs. 1.56 crores) registering an increase of 19.74%.

The Non-Mahindra Group Supply Chain Business grew by over 89% in the current year from Rs. 466 Crores in the previous financial year to Rs. 882 Crores in the current financial year. The supply chain business has been positively impacted by winning large customer accounts. Further, brisk account penetration in major supply chain management customers has improved significantly, as efforts centered on operating excellence and better responsiveness paid dividends.

The consolidated gross income of the year is at Rs. 2,676.25 crores as compared to Rs. 2,077.12 crores in the previous year registering a growth of 28.84%. The total consolidated comprehensive income for the current financial year is Rs. 45.68 crores (after accounting of deferred tax income and MAT credit of Rs. 4.39 crores) as compared to Rs. 35.60 crores in the previous year (after accounting of deferred tax income of Rs. 1.67 crores).

DIVIDEND:

Your Directors do not recommend dividend with a view to conserve resources for the future growth of your Company.

SUBSIDIARIES:

During the year, there were no additions/ deletions in subsidiary or associate or joint venture.

Lords Freight (India) Private Limited ("Lords")

Lords has recorded a gross income of Rs. 66.77 crores for the year under review as against Rs. 75.02 crores in the previous year registering a decline of around 11%. Inspite of decrease in revenue, the company operations yielded a positive total comprehensive income of Rs. 2.08 crores (after accounting of deferred tax income of Rs. 0.82 crores) as compared to loss of Rs. 1.37 crores (after accounting of deferred tax income of Rs. 0.08 crores) witnessed in the previous year.

2X2 Logistics Private Limited ("2X2")

During the year 2X2 has purchased 39 cars carriers in addition to 88 car carriers purchased in the previous year and also engaged market vehicles to increase the business in automotive logistics services. 2X2 has recorded gross income of Rs. 37.78 crores and total negative comprehensive income of Rs. 0.73 crores for the year under review as against gross income of Rs. 16 crores and total negative comprehensive income of Rs. 0.07 crores in the previous year.

During the year, 2X2 had made a Right issue of shares of Rs. 3.00 crores to its existing shareholders. As result, our investments in 2 X 2 has increased by Rs. 1.65 crores.

CONSOLIDATION OF ACCOUNTS:

In accordance with Section 134(7) of the Companies Act, 2013 and Indian Accounting Standards (IND AS) - 27, the audited consolidated financial statements of your Company form part of this Annual Report.

A report on the performance and financial position of each of the subsidiaries included in the Consolidated Financial Statements and their contribution to the overall performance of the Company is provided in Form AOC-1 which forms part of this Annual Report.

SHARE CAPITAL:

The Authorized Share Capital of your Company is Rs. 105,00,00,000 divided into 10,50,00,000 Equity shares of the face value of Rs. 10/- each

The Issued, Subscribed and Paid-up Capital of your Company as on 31st March, 2017 stood at Rs. 67,99,92,791 comprising of 6,78,32,997 Equity shares of the face value of Rs. 10 each, fully paid-up, 40,774 Equity shares of the face value of Rs. 10 each, Rs. 2 paid up and 15,81,273 Equity shares of the face value of 10 each, Rs. 1 paid up.

During the year, 81,77,184 (0.001%) Non-cumulative compulsory convertible preference shares have been converted into 81,77,184 equity shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non-Independent	No. of Board Meetings attended
1	Mr. Anjanikumar Choudhari	00234208	Non-Executive	Non-Independent	4
2	Mr. Zhooben Bhiwandiwala	00110373	Non-Executive	Non-Independent	2
3	Mr. K Chandrasekar	01084215	Non-Executive	Non-Independent	5
4	Mr. Parag Shah	00374944	Non-Executive	Non-Independent	5
5	Mr. Ruzbeh Irani	01831944	Non-Executive	Non-Independent	3
6	Mr. Sanjeev Aga	00022065	Non-Executive	Non-Independent	4
7	Mr. Sunish Sharma	00274432	Non-Executive	Non-Independent	4
8	Ms. Neelam Deo	02817083	Non-Executive	Independent	2
9	Mr. Ajay Mehta	07102804	Non-Executive	Independent	5

NUMBER OF BOARD MEETINGS:

The Board met five times during the year under review, i.e. on 29th April, 2016, 29th July, 2016, 27th October, 2016, 3rd February, 2017 and 27th March, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

(a) In the preparation of the annual financial statements for the year ended 31st March, 2017 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 31st March, 2017 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 the annual accounts on a going concern basis;

(e) They had ensured that there exist adequate internal financial controls with reference to financial statements; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE:

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

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 Board of Directors and the Senior Management Personnel and Employees affirming compliance with the respective Codes.

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, Key Managerial Personnel of your Company are as below:

1. Mr. Pirojshaw Sarkari, Chief Executive Officer
2. Mr. Nikhil Nayak, Chief Financial Officer
3. Ms. Brijbala Batwal, Company Secretary

   (Appointed w.e.f. 29th July, 2016 in place of Mr. Vilas Chaubal, erstwhile Company Secretary, who resigned w.e.f. 15th July 2016).

COMMITTEES OF THE BOARD:

Audit Committee

The Composition of Audit Committee ("AC") is follows:-

Director	Designation	No. of AC Meetings attended
Mr. Ajay Mehta	Member	3
Ms. Neelam Deo	Member	2
Mr. K Chandrasekar	Member	3
Mr. Sanjeev Aga	Permanent Invitee	3

The AC met thrice during year under review, i.e. on 29th April, 2016, 27th October, 2016 and 3rd February, 2017.

Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee ("NRC") is follows: -

Director	Designation	No. of NRC Meetings attended
Mr. Ajay Mehta	Member	1
Ms. Neelam Deo	Member	0
Mr. Sanjeev Aga	Member	1
Mr. Anjanikumar Choudhari	Member	1

The NRC met once during year under review, i.e. on 29th April, 2016.

Corporate Social Responsibility Committee

The composition of Corporate Social Responsibility Committee ("CSR") is follows: -

Director	Designation	No. of CSR committee Meetings attended
Mr. Ajay Mehta	Member	2
Mr. Ruzbeh Irani	Member	1
Mr. Sanjeev Aga	Member	2

The Corporate Social Responsibility Committee met twice during year under review, i.e. on 29th April, 2016 and on 27th March, 2017.

MLL Key Executives Stock Option Scheme Committee

The Composition of MLL Key Executives Stock Option Scheme ("MLL KESO") Committee is follows: -

Director	Designation	No. of MLL KESO committee Meeting attended
Mr. Zhooben Bhiwandiwala	Member	1
Mr. Parag Shah	Member	1
Mr. Ruzbeh Irani	Member	1
Mr. Sunish Sharma	Member	1

The MLL Key Executives Stock Option Scheme Committee met once during year under review, i.e. on 29th July, 2016.

Meeting of the Independent Directors

One meeting of the Independent Directors of the Company was held on 27th December, 2016 without the presence of Non-Independent Directors, Chief Executive Officer and Chief Financial Officer of the Company.

The aforesaid Meeting was conducted in a formal but flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors) and to 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.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company have given the declarations and confirmed that they met the criteria of Independence as provided under Section 149(6) 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 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 form part of this report.

RISK MANAGEMENT POLICY:

The Board has formulated a Risk Management Policy for the Company which identifies elements of risks, 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:

M/s. B. K. Khare & Co., Chartered Accountants, having Firm Registration No. 105102W, had served maximum tenure as the Statutory Auditors of the Company and hence it is proposed to appoint M/s. Deloitte Haskins & Sells LLP Chartered Accountants, having Firm Registration No. 117366W / W–100018, as the Statutory Auditors of the Company for a term of five consecutive years, commencing from the conclusion of the 10th Annual General Meeting ("AGM") of the Company till the conclusion of the 15th AGM of the Company to be held in the year 2022, subject to their ratification at every AGM of the Company.

M/s. Deloitte Haskins & Sells. LLP, Chartered Accountants have given a written consent to act as Statutory Auditor 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 for the year ended 31st March 2017 does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR:

Your Company has appointed M/s Sandeep Parekh & Co. (Practicing Company Secretary) (COP No. 7693), the practicing Company Secretary as a Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013 for the financial year 2016-17 and onwards .

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Board Report, a secretarial audit report given by the Secretarial Auditors, and the said secretarial report, in prescribed form MR 3 at **Annexure II**, forms part of this report.

The Secretarial Auditor does not contain any qualification, reservation or adverse opinion.

REPORTING OF FRAUDS BY AUDITORS

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 Board/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 the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in **Annexure III** 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:

The Corporate Social Responsibility ("CSR") Committee had formulated and recommended a CSR Policy which was approved by the Board and being implemented by the Company. The CSR Policy including a brief overview of the projects or programs proposed to be undertaken can be accessed at the Company's website through the Web-link : http://www.mahindralogistics.com/media/css_images/MLL-CSR%20Policy-19-Dec-16.pdf. Annual Report on CSR containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure IV** and forms part of this report.

VIGIL MECHANISM:

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the related rules,has been implemented voluntarily as good corporate governance practice, through the Whistleblower policy to provide a mechanism for the employees of the Company to approach CEO of the Company to report genuine concerns and provides for adequate safeguards against victimization of persons who use such mechanism. Till date, no complaints have been received by 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. 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

Particulars of loans given, investments made and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 6 & Note No. 33 respectively annexed to financial statements and the same forms 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 Regulations 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule V there to applicable to the ultimate holding company, Mahindra & Mahindra Limited.

PARTICULARS OF TRANSACTION WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC-2 as Annexure V and the same forms part of this report.

MLL KEY EXECUTIVES STOCK OPTION SCHEME ("Scheme"):

During the year under review, the Company has granted 73,608 Stock Options to the employees under the Scheme. Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in **Annexure VI** 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 31st March, 2017 in form MGT-9 is annexed as **Annexure VII** and forms part of this report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral. During the year under review, no complaints were received under the said Act.

INTERNAL FINANCIAL CONTROLS:

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, and 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.

CHANGE OF REGISTRAR & SHARE TRANSFER AGENT

Pursuant to SEBI Order against Sharepro restraining it from buying, selling or dealing in the securities market, the Board of Directors of your Company at their Meeting held on 29th July 2016, approved the appointment of M/s. Karvy Computershare Private Limited, as the Registrar & Share Transfer Agents of the Company.

GENERAL DISCLOSURES:

Your Directors make the following disclosure with respect of the following items during the year under review:

- There were no issue of equity shares with differential rights as to dividend, voting or otherwise.
- 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.

ACKNOWLEDGEMENTS:

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, employees, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Parag Shah Director

Zhooben Bhiwandiwala Director

Mumbai, 28th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

A. 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 Logistics Limited.

"Employee" means employee of the Company including employees in the Senior Management Team of the Company.

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

(i) Chief Executive Officer (CEO);

(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 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 sprit 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

Senior Management Personnel are appointed or promoted and removed/relieved with the authority of 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:

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

- Ready now
- Ready in 1 to 2 years
- Ready in 2 to 5 years
- Ready in more than 5 years

In order to ensure talent readiness as per laddered approach.

B. REMUNERATION POLICY FOR EMPLOYEES AND KEY MANAGERIAL PERSONNEL.

Overall Intent of Compensation Policy

At Mahindra Logistics Ltd. (MLL) we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that

the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy-

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy

The compensation will include all statutory and other retirement benefits. We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.

- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements.
- Recognizing the need for long-term security
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration of Managers & above employees will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade as per the levels of responsibility.

Compensation Structure

The compensation structure consists of two categories of elements, summarized below. The details of each are given in subsequent parts.

A. Total Cost to Company

This category consists of elements of compensation that are considered as 'Cost to Company', which includes Fixed Pay & Variable pay.

B. Reimbursements & Benefits

In addition to the above, the company provides certain other reimbursements and benefits. These are applicable to all or certain grades based on business requirements and articulated in the HR policy manual. These are, therefore, kept outside the calculation of Cost to Company. These consist of the following:

1. Group Mediclaim (Hospitalization) insurance policy
2. Group Personal Accident insurance policy
3. Group Term Life policy
4. Workmen Compensation policy
5. Mobile Reimbursement policy
6. Cellular phone handset policy
7. Laptops and data card policy
8. Transfer Relocation allowance policy

Current Levels & Designations

Level	Title
01	CEO
02	COO/Senior Vice President
03	CFO/Vice President
04	Senior General Manager/General Manager
05	Deputy General Manager
06	Senior Manager
07	Manager
08	Deputy Manager
09	Senior Executive
10	Executive
MT	Management Trainee
GT	Graduate Trainee
FTC	Fixed Term Contract

Hiring Process:

For hiring talent from the market, MLL has an Employee Requisition process which has the Job description, candidate profile, grade and the Budgeted CTC. The candidate is given an offer with a maximum increase of 20% on present CTC. Any increase proposed above 20% of CTC for DGM & above position, an approval is taken from CEO. Any increase proposed above 30% of CTC for Senior Manager & below positions, an approval is taken from CEO.

Payment of Salary:

Salaries are credited to (company nominated) employee's salary bank account. A salary slip detailing the total of pay and the various deductions made is also provided. Salary gets credited to the bank between last day of the current month to 7th day of the subsequent month.

Annual Increments / Promotions

Based on annual performance appraisals, competency evaluation and Bell curve guidelines, the permanent employees are given ratings on a 5 point scale and applicable increment percentage on CTC is applicable to derive the revised compensation. Promotion criteria is based movement to a higher responsibility and consistently rated Expectations Surpassed / Superior. For promotions an additional increment is also added.

Appraisal year is April to March. Employees joined till 1st Feb are eligible for Annual increments effective 1st Aug and new joinees from 2nd Feb will be eligible for increments prorated in the next appraisal cycle.

Fixed Term Contract (FTC) Employees

Based on Customer requirement, Fixed Term Contract (FTC) employees are recruited mainly for Operations. The Employment Term of these employees is for one year and it is renewed based on the Customer Agreement for further period. In case of closure of the Customer Agreement, we try to accommodate these employees in other projects based on the requirement else their services are terminated as per the clause mentioned in their appointment letter.

Compensation structure and components of compensation for FTC employees depends on the Location and Customer requirement.

Basic Salary, Provident Fund and Bonus are the mandatory components of the compensation structure, whereas House Rent Allowance, Conveyance Allowance, Child Education Allowance, Bonus, Canteen Allowance, Skill Allowance, Attendance Bonus, Production Incentive are paid on the basis of available budgets for the respective customer.

FTC employees are covered under:

(a) Employee State Insurance (ESI) or Workmen Compensation (WC) based on the location.

(b) Group Mediclaim (Hospitalization) insurance policy.

(c) Group Personal Accident insurance policy.

(d) Group Term Life policy.

For annual increments for FTC's we have 2 cycles of annual increment – 1st Oct and 1st Apr depending on the customer agreement contracts.

Policy on loans / advances to employees

To meet an urgent and specific need of a Permanent and FTC employees, company provides salary advances. The specific needs are hospitalization of self, spouse, children & dependent parents and for payment of housing deposit and children school admission fees in case of transfer of an employees for business requirement. An amount up to three month's monthly gross salary for Permanent employee and an amount up to one month's monthly gross salary for FTC employee who have completed one year is paid as salary advance. The salary advance is recovered in maximum 12 installments. No interest is charged on these salary advances. The salary advances are adjusted against the Mediclaim settlement, if the same are paid for hospitalization. The complete outstanding amount is recovered from employee's full & final settlement, in case of resigned employee. Perquisite is charged to employee as per Income Tax Act, 1961.

Policy for Non- Executive Directors including Independent Directors:

The Nomination and Remuneration Committee 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 Committee 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 Companies Act 2013 and such other factors as the committee 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.

For and on behalf of the Board

Parag Shah — Director

Zhooben Bhiwandiwala — Director

Mumbai, 28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
[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 LOGISTICS LIMITED
CIN: U63000MH2007PLC173466
Mahindra Towers,
P. K. Kurne Chowk Worli,
Mumbai, Maharashtra 400018, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MAHINDRA LOGISTICS 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 my 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 31st March, 2017, 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 Company for the financial year ended 31st March, 2017 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made there under;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not applicable to the Company during the audit period

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment

(5) External Commercial Borrowings –(Not applicable to the Company during the audit period)

(6) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - (Not applicable to the Company during the Audit Period)

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - (Not applicable to the Company during the Audit Period)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; - (Not applicable to the Company during the Audit Period)

(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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - (Not applicable to the Company during the Audit Period)

(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 during the Audit Period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - (Not applicable to the Company during the Audit Period)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - (Not applicable to the Company during the Audit Period)

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

1. Secretarial Standards issued by the Institute of Company Secretaries of India.

2. The Listing Agreements entered into by the Company with Stock Exchange(s) – Not Applicable

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

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise. – **Nil**.

We further report that

The Board is constituted with Non-Executive Directors and Independent Directors.

Adequate notice was given to all directors to schedule the Board Meetings and Committee 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, if any, are captured and recorded as part of the minutes.

As informed to us, 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.:-

During the year under review, 81,77,184 (0.001%), Non-cumulative, fully paid, Compulsorily Convertible Preference Shares ('CCPS') of the face value of Rs. 50/- each, were converted into 81,77,184 Equity Shares of face value INR 10 each.

During the year under review, Company has altered its Articles of Association at its extra ordinary general meeting held on 4th February, 2017 to make consequential amendments pertaining to conversion of CCPS into equity shares

For Sandeep P Parekh & Co.,
Company Secretaries
FCS No: 7118,
CP No: 7693
Sandeep P. Parekh

Place: Navi Mumbai
Date: 28th April 2017

ANNEXURE III

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO:

A. CONSERVATION OF ENERGY

(a) 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.

(b) The steps taken by the Company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipment's: **Nil**

B. TECHNOLOGY ABSORPTION

(a) The efforts made towards technology absorption–**Nil**

(b) The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

(c) Incase of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Nil**

(i) The details of technology imported:

(ii) The year of import:

(iii) Whether the technology been fully absorbed:

(iv) If not fully absorbed, areas where absorption has not taken place,and the reasons thereof:

(d) The expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (In terms of actual inflow and outflow)

(Rs. in Lakhs)

Total Foreign Exchange earnings and outgo:	**For the Financial Year Ended 31st March, 2017**	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**Nil**	983.78
Total Foreign Exchange Outgo	**10.40**	26.56

For and on behalf of the Board

Parag Shah Director

Zhooben Bhiwandiwala Director

Mumbai, 28th April, 2017

ANNEXURE IV

ANNUAL REPORT ON CSR ACTIVITIES

1) Mahindra Logistics Limited ("MLL") is a subsidiary of Mahindra & Mahindra Limited. The Corporate Social Responsibility ("CSR") vision of MLL is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, MLL has pledged to contribute 2% of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives. The commitment to CSR will be manifested by investing resources in the following areas:
   - Community Welfare Program – Under privileged Children Scholarships, Rest Room Facilities, Medical Insurance for the underprivileged.
   - Village Adoption – Infrastructure, Education and Health.
   - MLL employees have been encouraged to volunteer for various CSR projects in the areas of education, health and environment through Employees Social Options program (ESOPS). Some of the projects to which employees have extended their volunteering efforts are skill development of youth, HIV/AIDS awareness, health camps, donations to orphanages and homes for the senior citizens etc.

   Web-link to the CSR policy - http://www.mahindralogistics.com/csr.html

(2) The Composition of the CSR Committee

The CSR Committee of the Board comprises of the following Board members:

- Mr. Ajay Mehta (Independent Director)
- Mr. Ruzbeh Irani
- Mr. Sanjeev Aga

(3) Average net profit of the company for last three financial years. Rs. 5,798.42 Lakhs

(4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) Rs. 115.97 Lakhs

(5) Details of CSR spent during the financial year.

(a) Total amount spent for the financial year; Rs. 116.01 Lakhs

(b) Amount unspent, if any; Nil

(c) Manner in which the amount spent during the financial year is detailed below

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
					` in Lakhs	` in Lakhs	
1	Nanhi Kali	Education & special education, employment enhancing vocational skills & livelihood enhancement projects	PAN India	115.97	61.98	149.17	Through implementing agency*
2	Gram Vikas	Rural Development	Thane, Maharashtra	115.97	6.19	56.78	Direct
3	Samantar	Health, Safe drinking water, eradicating hunger & poverty & contribution to Swacch Bharat Kosh, education & special education, employment enhancing vocational skills & livelihood enhancement projects, promoting gender equality, homes/ Hostels/ day care for women, orphans, senior citizens	PAN India	115.97	36.48	53.53	Direct
4	Gyandeep	Education & special education, employment enhancing vocational skills & livelihood enhancement projects	PAN India	115.97	9.69	29.46	Direct

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
5	Sehat	Healthcare including preventive health care, Ecological balance, Promotion of Education	Mumbai (Maharashtra), Nashik (Maharashtra), Chakan (Maharashtra), Rudrapur (Uttar Pradesh)	115.97	1.60	1.78	Direct
6	Swachh Bharat/Green Guardians	Ensuring environmental sustainability	Delhi, Chandigarh and Pune (Maharashtra)	115.97	0.07	0.22	Direct
7	Arogyam	Health, Safe drinking water, eradicating hunger & poverty & contribution to Swacch Bharat Kosh	Haridwar (Uttaranchal), Hyderabad (Andhra Pradesh), Mumbai (Maharashtra), Thane (Maharashtra)	115.97	–	0.59	Direct
		Total			**116.01**	**291.53**	

* Project Nanhi Kali, is implemented and executed through K. C. Mahindra Education Trust.
Address:
K. C. Mahindra Education Trust
3rd Floor, Cecil Court, Mahakavi Bhushan Marg,
Mumbai – 400 001.

(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) 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.

Pirojshaw Sarkari — Chief Executive Officer

Ruzbeh Irani — Member CSR Committee

Mumbai, 28th April, 2017

ANNEXURE V

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.)

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'slength basis.

<table>
<tr><td>1</td><td>Particulars</td><td></td></tr>
<tr><td>a)</td><td>Name (s) of the related party & nature of relationship</td><td>a. Mahindra & Mahindra Limited ("M&M") – Holding Company
b. Mahindra Vehicle Manufacturing Limited ("MVML") – Fellow Subsidiary</td></tr>
<tr><td>b)</td><td>Nature of Contracts/arrangements/transaction</td><td>Transportation services, Stores and Line Feed and warehousing services</td></tr>
<tr><td>c)</td><td>Duration of the contracts/arrangements/transaction</td><td>Ongoing contract</td></tr>
<tr><td>d)</td><td>Salient terms of the contracts or arrangements or transaction including the value, if any</td><td>(Rs. In Lakhs)<table><tr><th>Particulars</th><th>M&M</th><th>MVML</th></tr><tr><td>Income from freight, manpower & other charges with management fees</td><td>1,26,053.68</td><td>6,723.89</td></tr><tr><td>Expenses include rent, information technology support and training</td><td>596.35</td><td>-</td></tr></table></td></tr>
<tr><td>e)</td><td>Date of approval by the Board</td><td>N.A</td></tr>
<tr><td>f)</td><td>Amount Paid as Advances, if any</td><td>Nil</td></tr>
</table>

Note:

1) Contracts/transactions for rendering of services for an amount exceeding 10% of turnover of the Company or Rupees fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2) All these translations are at arm's length

For and on behalf of the Board

Parag Shah
Director

Zhooben Bhiwandiwala
Director

Mumbai, 28th April, 2017

ANNEXURE VI

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION SCHEME:

Details for the Financial year 2016-17

(a) Options granted – 73,608 during the current year

(b) Options vested – 3,74,260 during the current year

(c) Options exercised – Nil

(d) The total number of shares arising as a result of exercise of option – Nil

(e) Options lapsed - Nil

(f) The exercise price – NA

(g) Variation of terms of options - Nil

(h) Money realized by exercise of options – Nil

(i) Total number of options in force – 17,97,381

(j) Employee wise details of options granted to:

  (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 – Rama Malik (31,436), Shantanu Roy (20,892), Kamal Kapoor (21,280).

  (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

Parag Shah
Director

Zhooben Bhiwandiwala
Director

Mumbai, 28th April, 2017

ANNEXURE VII

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017

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**	U63000MH2007PLC173466
2.	**Registration Date**	24th August, 2007
3.	**Name of the Company**	Mahindra Logistics Limited
4.	**Category/Sub-category of the Company**	Public Company Limited by Shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905976 Email: batwal.brijbala@mahindra.com
6.	**Whether listed company**	No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad,Telangana - 500 032, India. Telephone No. +91 40 67162222, Fax No. 40 2342 0814 Email: einward.ris@karvy.com, Website: karvycomputershare.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	Supply Chain Management	4912, 4923, 5120, 5210	88.60
2	People Logistics	4922	11.40

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	Holding Company	74.12	2(46)(ii)
2	2x2 Logistics Private limited	U63000MH2012PTC237062	Subsidiary Company	55.00	2(87)(ii)
3	Lords Freight (India) Private limited	U63030MH2011PTC216628	Subsidiary Company	60.00	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 1st April 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF		–	–	–	–	–	–	–	–
b) Central Govt		–	–	–	–	–	–	–	–
c) State Govt(s)		–	–	–	–	–	–	–	–
d) Bodies Corp. (M&M, MECP*)	51,478,424	6	51,478,430	84.01	51,478,424	6	51,478,430	74.12	-9.89

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks / FI		–	–	–	–	–	–	–	–
f) Any other* (MPESOP TRUST)	1,622,047		1,622,047	2.65	1,622,047		1,622,047	2.34	-0.31
Sub Total (A) (1)	53,100,471	6	53,100,477	86.66	53,100,471	6	53,100,477	76.45	-10.20
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Any other	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	–	–	–	–	–	–	–	–	–
TOTAL (A)	53,100,471	6	53,100,477	86.66	53,100,471	6	53,100,477	76.45	-10.20
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds (Kedaara Cap AIF)	334,156	–	334,156	0.55	668,304	–	668,304	0.96	0.42 0.00
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	334,156	–	334,156	0.55	668,304	–	668,304	0.96	0.42
2. Non-Institutions		–	–	–	–	–	–	–	–
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas (Normandy)	7,843,227	–	7,843,227	12.80	15,686,263	–	15,686,263	22.58	9.79
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	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	7,843,227	–	7,843,227	12.80	15,686,263	–	15,686,263	22.58	9.79

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2016]				No. of Shares held at the end of the year [As on 31st March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public (B)	8,177,383	–	8,177,383	13.34	16,354,567	–	16,354,567	23.55	10.20
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**61,277,854**	**6**	**61,277,860**	**100.00**	**69,455,038**	**6**	**69,455,044**	**100.00**	–

* Forms part of promoter group of the Company

(ii) Shareholding of Promoter

SN	Shareholder's Name	No. of Shares held at the beginning of the year [As on 1st April 2016]			No. of Shares held at the end of the year [As on 31st March, 2017]			% 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	51,478,324	84.01	–	51,478,324	74.12	–	-9.89
2	Mahindra Engineering and Chemical products Ltd ^	100	0.00	–	100	0.00	–	0.00
3	Mahindra Partners Employee Options Trust ^	1,622,047	2.65	–	1,622,047	2.34	–	-0.31
4	Mahindra & Mahindra Limited jointly with Mr. Zhooben Bhiwandiwala *	1	0.00	–	1	0.00	–	0.00
5	Mahindra & Mahindra Limited jointly with Mr. K .Chandrasekar *	1	0.00	–	1	0.00	–	0.00
6	Mahindra & Mahindra Limited jointly with Mr. Parag Shah *	1	0.00	–	1	0.00	–	0.00
7	Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani *	1	0.00	–	1	0.00	–	0.00
8	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar *	1	0.00	–	1	0.00	–	0.00
9	Mahindra & Mahindra Limited jointly with Mr. S. V. Rao *	1	0.00	–	1	0.00	–	0.00
	Total	**53,100,477**	**86.66**	–	**53,100,477**	**76.45**	–	**–10.20**

* The joint holders with Mahindra & Mahindra Limited are employees of Mahindra & Mahindra Limited and their names has been added for complying with the statutory provisions.

^ Forms part of promoter group of the Company

(iii) Change in Promoters' Shareholding

	Particulars	Date	Reason	No. of Shares held at the beginning of the year [As on 1 April 2016]		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	Promoters shareholding	5th February, 2017	Dilution of stake due to increase in Total No. of Equity shares as a result of Conversion of Cumulative Compulsorily Convertible Preference Shares into equity shares	53,100,477	86.66	53,100,477	76.45

Note: The No. of shares held have remain unchanged but the shareholding % has decreased from 86.66% to 76.45% due to increase in total No. of Equity shares as a result of Conversion of Cumulative Compulsorily Convertible Preference Shares into equity shares. Mahindra Engineering and Chemical Products Limited and Mahindra Partners Employee Options Trust forms part of promoter group of the Company.

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

SN	For each of the Top 10 shareholders	Date	No. of Shares held at the beginning of the year [As on 1 April 2016]		Increase/Decrease in no. of shares *	Cumulative Shareholding during the year	
			No. of shares	% of total shares		No. of shares	% of total shares
1	Normandy Holdings Limited	5th February, 2017	7,843,227	12.80%	7,843,036	15,686,263	22.58%
2	Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1	5th February, 2017	334,156	0.55%	334,148	668,304	0.96%

Reason for Change * : Issue of Equity shares on Conversion of Cumulative Compulsorily Convertible Preference Shares, converted into equity shares

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

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	Nil	Nil	Nil				

V. INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN	Particulars of Remuneration / Name / Designation	Name of MD/WTD/Manager		Total Amount (Rs. in Lakhs)
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	–	–	–

SN	Particulars of Remuneration Name Designation	Name of MD/WTD/Manager		Total Amount (Rs. in Lakhs)
3	Sweat Equity	–	–	–
4	Commission – as % of profit – others, specify	–	–	–
5	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	5% of the net profits of the Company		**Nil**

B. Remuneration to other Directors

SN	Particulars of Remuneration	Name of Directors			Total Amount (Rs. in Lakhs)
		Mr. Ajay Mehta	Ms. Neelam Deo	Nil	
1	Independent Directors				
	Fee for attending board committee meetings	1.74	0.67		2.41
	Commission (for F.Y. 16-17)	5.38	5.39		10.77
	Others, please specify				–
	Total (1)	7.12	6.06	–	13.18
2	Other Non-Executive Directors				–
	Fee for attending board committee meetings				–
	Commission				–
	Others, please specify				–
	Total (2)	–	–	–	–
	Total (B)=(1+2)	7.12	6.06	–	13.18
	Total Managerial Remuneration				13.18
	Overall Ceiling as per the Act	1% of the Net Profit of the Company			70.70

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

SN	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rs. In Lakhs)
		CEO	CFO	CS	
1	Gross Salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	159.75	67.16	–	226.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	–	–	0.40
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–	–
2	Stock Option	–	–	–	–

SN	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rs. In Lakhs)
		CEO	CFO	CS	
3	Sweat Equity	–	–	–	–
4	Commission – as % of profit – others, specify	–	–	–	–
5	Others, (Contribution to Provident Fund)	6.31	2.60	–	8.91
6	Others (Professional Fees)	–	–	1.25	1.25
	Total	**166.46**	**69.76**	**1.25**	**237.47**

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)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Parag Shah
Director

Zhooben Bhiwandiwala
Director

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA LOGISTICS LIMITED**

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **MAHINDRA LOGISTICS LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 29, 2016, as adjusted for the differences in accounting principles while the adoption of Ind AS financial statements and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 35 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. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

    iv. According to the information and explanations given to us and as indicated in Note 36 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Mumbai
April 28, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 10 of our report of even date on the standalone Ind AS financial statements of Mahindra Logistics Limited for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   ii. The Company has a phased programme for physical verification of its fixed assets designed to cover all the items 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. The fixed assets have been physically verified by the management during the year. According to the information and explanation given to us, the discrepancies observed on such verification were not material and have been properly dealt with in the books of accounts.

   iii. The title deeds of the immovable properties are held in the name of the Company.

2. The company did not have any inventories as at 31st March 2017 and hence no Physical verification of inventories was conducted by the management.

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 para 3(iii) 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 securities to the parties covered under Sections 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 within the meaning of sections 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 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 services of the Company.

7. (i) The Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.

   (ii) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute except for:

Nature of statute	Nature of dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	77.77	2008-09	CIT(A)
The Income Tax Act, 1961	Income Tax	59.51	2009-10	CIT(A)
The Income Tax Act, 1961	Income Tax	47.60	2010-11	CIT(A)
The Income Tax Act, 1961	Income Tax	638.70	2011-12	CIT(A)
The Income Tax Act, 1961	Income Tax	1197.13	2012-13	CIT(A)
The Income Tax Act, 1961	Income Tax	464.40	2013-14	CIT(A)
Service Tax Laws	Service Tax	41.33	2001-02	Mumbai High Court
Service Tax Laws	Service Tax	28.98	2002-03	Mumbai High Court
Service Tax Laws	Service Tax	15.17	2004-05	Commissioner Of Appeals - Mumbai Zone - I
Service Tax Laws	Service Tax	28.78	2005-06	Commissioner Of Appeals - Mumbai Zone - I
Service Tax Laws	Service Tax	45.89	2006-07	Commissioner Of Appeals - Mumbai Zone - I
Service Tax Laws	Service Tax	85.38	2008-09	Commissioner Customs, Central Excise and Service Tax - Nagpur
Service Tax Laws	Service Tax	167.79	2009-10	Commissioner Customs, Central Excise and Service Tax - Nagpur
Maharashtra Value Added Tax Act	VAT	218.73	2009-10	Deputy Commissioner Of Sales Tax (Appeals) - I Mumbai
Bihar Value Added Tax Act	VAT	8.23	2014-15	Joint Commissioner-Commercial Taxes Bihar
Bihar Value Added Tax Act	VAT	3.38	2013-14	Joint Commissioner-Commercial Taxes Bihar
Bihar Value Added Tax Act	CST	1.16	2014-15	Joint Commissioner-Commercial Taxes Bihar

8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.

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 during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are 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. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xvi) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Mumbai
April 28, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF MAHINDRA LOGISTICS 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 Logistics Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for 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, 2017, 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
Membership Number: 030168

Mumbai
April 28, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

` in lacs

	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	ASSETS				
I	**NON-CURRENT ASSETS**				
	(a) Property, Plant and Equipment	4	**2,678.18**	2,079.39	1,967.07
	(b) Capital Work-in-Progress	4	**69.45**	1.01	1.78
	(c) Intangible Assets	5	**116.21**	38.19	57.60
	(d) Intangible Assets Under Development	5	–	42.11	–
	(e) Financial Assets				
	(i) Investments	6	**1,186.86**	1,021.82	1,021.90
	(ii) Other Financial Assets	9	**1,020.76**	1,630.58	579.16
	(f) Deferred Tax Assets (Net)	10	**1,152.24**	857.74	701.99
	(g) Other Assets	11	**101.67**	106.64	136.85
	SUB-TOTAL		**6,325.37**	5,777.48	4,466.35
II	**CURRENT ASSETS**				
	(a) Financial Assets				
	(i) Investments	6	**5,804.23**	6,808.75	11,032.55
	(ii) Trade Receivables	7	**40,025.98**	23,484.70	18,715.00
	(iii) Cash and Cash Equivalents	12	**5,731.68**	3,757.85	4,744.01
	(iv) Bank Balances other than (iii) above	12	–	4,500.00	5,000.00
	(v) Loans	8	**2,500.00**	2,700.00	1,000.00
	(vi) Other Financial Assets	9	**5,100.08**	1,505.29	1,244.81
	(b) Current Tax Assets (Net)	13	**5,210.06**	2,469.22	876.86
	(c) Other Assets	11	**6,013.31**	4,138.32	2,984.14
	SUB-TOTAL		**70,385.34**	49,364.13	45,597.37
III	**Non-Current Assets Classified as Held for Sale**	14	**190.90**	190.90	190.90
	TOTAL ASSETS		**76,901.61**	55,332.51	50,254.62
	EQUITY AND LIABILITIES				
	EQUITY				
	(a) Equity Share Capital	15	**6,799.93**	5,982.21	5,982.21
	(b) Other Equity	16	**28,081.85**	24,395.04	20,603.24
	SUB-TOTAL		**34,881.78**	30,377.25	26,585.45
	LIABILITIES				
I	**NON-CURRENT LIABILITIES**				
	(a) Financial Liabilities	18	**2.00**	177.54	172.23
	(b) Provisions	19	**1,270.61**	1,166.23	875.55
	(c) Other Liabilities	20	–	22.74	36.37
	SUB-TOTAL		**1,272.61**	1,366.51	1,084.15
II	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Trade Payables	17	**37,717.74**	21,495.31	21,020.92
	(ii) Other Financial Liabilities	18	**1,758.99**	1,183.96	1,025.85
	(b) Provisions	19	**605.70**	443.31	247.92
	(c) Current Tax Liabilities (Net)		–	–	0.61
	(d) Other Liabilities	20	**664.79**	466.17	289.72
	SUB-TOTAL		**40,747.22**	23,588.75	22,585.02
	TOTAL		**76,901.61**	55,332.51	50,254.62

The accompanying notes 1 to 37 are an integral part of the Financial Statements

As per our Report of Even Date

For **B. K. Khare & Co.**

Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

` in lacs

	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I	Revenue from operations	21	**258,868.71**	199,496.20
II	Other Income	22	**896.37**	1,284.80
III	**Total Revenue (I + II)**		**259,765.08**	200,781.00
IV	**Expenses**			
	(a) Employee benefit expense	23	**18,228.13**	14,489.69
	(b) Finance costs	24	**25.85**	14.55
	(c) Depreciation and amortisation expense	4&5	**891.42**	662.33
	(d) Other expenses	25	**233,852.27**	179,879.74
	Total Expenses		**252,997.67**	195,046.31
V	**Profit/(loss) before tax (III - IV)**		**6,767.41**	5,734.69
VI	**Tax Expenses**			
	(1) Current tax	26	**2,581.38**	2,159.79
	(2) Deferred tax	26	**(294.48)**	(155.74)
	Total Tax Expense		**2,286.90**	2,004.05
VII	**Profit/(loss) After Tax (V - VI)**		**4,480.51**	3,730.64
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit plans- Gains/(Losses)		**(71.72)**	(41.66)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**24.82**	14.42
B	(i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
	Total Other Comprehensive Income		**(46.90)**	(27.24)
IX	**Total comprehensive income for the period (VII + VIII)**		**4,433.61**	3,703.40
X	**Earnings per equity share**			
	(1) Basic	27	**6.59**	5.45
	(2) Diluted	27	**6.59**	5.45

The accompanying notes 1 to 37 are an integral part of the Financial Statements

As per our Report of Even Date

For **B. K. Khare & Co.**

Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

(a) Equity Share Capital

` in lacs

Particulars	Number of Shares	Equity share capital
As at 1st April, 2015	61,277,860	5,982.21
Changes in equity share capital during the year	–	–
As at 31st March, 2016	61,277,860	5,982.21
Changes in equity share capital during the year	8,177,184	817.72
As at 31st March, 2017	**69,455,044**	**6,799.93**

(b) Other Equity

	Reserves & Surplus				
Particulars	**Equity component of compound financial instruments***	**Securities premium reserve**	**Equity-settled employee benefits reserve**	**Retained earnings**	**Total**
Balance at 1st April, 2015	4,088.59	5,995.92	87.18	10,431.56	20,603.26
Total Comprehensive income for the year					
- Addition to equity settled employee benefit reserve	–	–	88.40	–	88.40
- Profit for the year	–	–	–	3,730.64	3,730.64
- Actuarial gain/(loss) transferred to retained earnings	–	–	–	(27.24)	(27.24)
Balance at 31st March, 2016	4,088.59	5,995.92	175.58	14,134.96	24,395.06
Conversion of CCPS into Equity shares	(4,088.59)	3,270.87	–	–	(817.72)
Total Comprehensive income for the year					–
- Addition to equity settled employee benefit reserve	–	–	70.90	–	70.90
- Profit for the year	–	–	–	4,480.52	4,480.52
- Actuarial gain/(loss) transferred to retained earnings	–	–	–	(46.90)	(46.90)
Balance at 31st March, 2017	**–**	**9,266.79**	**246.48**	**18,568.58**	**28,081.85**

*Note: The equity component of compound financial instruments represents the 0.001% Compulsorily Convertible Preference Shares (CCPS). For details, please refer note 15.

As per our Report of Even Date

For **B. K. Khare & Co.**

Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

` in lacs

	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**6,767.41**	5,734.69
	Adjustments for:		
	Loss on disposal of property, plant and equipment	**10.66**	1.62
	Provision for expected credit loss recognised on trade receivables	**244.72**	139.25
	Provision for doubtful advances	**62.31**	(71.76)
	Depreciation and amortisation of non-current assets	**891.42**	662.33
	Finance Charges	**10.76**	0.64
	Dividend Income	**(53.01)**	(153.25)
	Interest Income	**(637.69)**	(871.02)
	Profit on sale of mutual funds	**(56.69)**	(174.86)
	Employees Compensation expense {ESOP FV-Intrinsic Value}	**70.90**	88.40
	(Profit)/loss on fair valuation of mutual funds	**3.07**	13.52
	Actuarial Gain/(Loss)	**(71.71)**	(41.66)
	Operating profit before working capital changes	**7,242.14**	5,327.90
	Movements in working capital:		
	Increase in trade and other receivables	**(22,261.56)**	(8,175.36)
	Decrease in trade and other payables	**17,064.57**	1,286.69
	Cash generated from operations	**2,045.15**	(1,560.77)
	Income taxes paid	**(5,297.41)**	(3,737.72)
	Net cash generated by/(used in) operating activities	**(3,252.26)**	(5,298.49)
B.	**Cash flows from investing activities**		
	Net proceeds from investments in mutual funds and others	**1,801.41**	3,410.36
	Investment in subsidiary	**(165.00)**	–
	Profit on sale of mutual funds	**56.69**	174.86
	Dividend Income	**53.01**	153.25
	Interest income	**637.69**	871.02
	Payments for property, plant and equipment	**(1,654.51)**	(808.54)
	Proceeds from disposal of property, plant and equipment	**7.56**	12.02
	Net cash generated by/(used in) investing activities	**736.85**	3,812.97
C.	**Cash flows from financing activities**		
	Interest paid	**(10.76)**	(0.64)
	Net cash generated by/(used in) financing activities	**(10.76)**	(0.64)
	Net increase in cash and cash equivalents (A+B+C)	**(2,526.17)**	(1,486.16)
	Cash and cash equivalents at the beginning of the year	**8,257.85**	9,744.01
	Cash and cash equivalents at the end of the year	**5,731.68**	8,257.85
	Components of cash and cash equivalents		
	Cash/Cheques on hand	**53.53**	7.70
	With Banks – on Current account/Balance in Cash Credit Accounts	**5,678.15**	3,750.15
	Other Bank Balances	**–**	4,500.00
		5,731.68	8,257.85

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in IND AS 7.
2 Figures in bracket indicates cash outgo.
3 Additions to property, plant and equipment and inangible assets include movements in capital work-in-progress and intangible assets under development respectively during the year.

As per our Report of Even Date

For **B. K. Khare & Co.**

Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place : Mumbai
Date : 28th April, 2017

NOTES ACCOMPANYING FINANCIAL STATEMENTS

1. Corporate information

Mahindra Logistics Limited is a public limited company incorporated on 24th August, 2007 under the Companies Act, 1956. The Company is a 3PL service provider mainly engaged in transportation warehousing, cargo logistics, supply chain solution and people logistics services.

The financial statements for the year ended 31st march, 2017 are approved for issue in accordance with a resolution of the directors on 28th April, 2017.

2. Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 2.20 for the details of first-time adoption exemptions availed by the Company.

2.2. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

Assets and Liabilities are classified as Current or Non-Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are prepared in Indian Rupee(INR) and denominated in lakhs.

The principal accounting policies are set out below.

2.3. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.4.1. Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. 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.

2.4.2. Dividend and interest income

Dividend income from investments is recognised when the 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 recognised 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.

2.4.3. Sale of Goods

Sale of products are recognised when the products are despatched which coincides with the transfer of risk and rewards to the buyer of products. Sales are exclusive of sales tax & sales returns.

2.5. Leasing

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.6. Foreign currencies

i. Initial recognition

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

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, if any 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.

2.7. Borrowing costs

Borrowing Cost 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 revenue in the year of incurrence.

2.8. Employee benefits

2.8.1. Retirement benefit costs and termination benefits

i. **Defined Contribution Plan**:

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

ii. **Defined Benefits**:

For defined 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 annual 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 net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet 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.

2.8.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9. Share-based payment arrangements

Equity-settled share-based payments to employees and others are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.10.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.10.2. Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 liabilities and assets 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.

2.10.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

i. Certain items of Plant & Machinery individually costing more than ` 5,000 – over their useful lives ranging from 2 years to 10 years as determined by the company and also based on the contractual arrangements wherever applicable.

ii. Assets capitalised which are attached to the leasehold office premises shall be depreciated upto 75% of its value over the lease period assuming a realisable value of 25% after the end of original lease period. In case of an extension of a lease period, the remaining 25% will be depreciated over the extended period of lease.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset is recognised in profit or loss.

2.12. Intangible assets

2.12.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

2.12.2. Useful lives of intangible assets

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

2.13. Impairment of tangible and intangible assets other than goodwill

The management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if 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 depreciated historical cost. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised 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.

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14.1. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The amount recognised 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 (when the effect of the time value of money is material).

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.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.15. Financial instruments

Financial assets and financial liabilities are recognised when a company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

2.16. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.16.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.16.4

Investments in subsidiaries: All investments in subsidiaries are valued at cost.

All other financial assets are subsequently measured at fair value.

2.16.2. Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.16.3. Financial assets at Fair value through Profit and Loss

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

2.16.4. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.16.5. Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.6. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.17. Financial liabilities and equity instruments

2.17.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17.2. 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 a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.17.3. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2.17.4. Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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 that form an integral part of the effective interest rate, 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.

2.18. Segment Accounting:

The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in financial statements

2.18.1. Identification of Operating Segments

The operating segments have been identified based on its services and has two reportable segments, as follows:

i. **Supply Chain Management-** Goods Transportation service, including warehouse management service and line-feeding activity etc

ii. **People Logistics-** People Transportation service

2.18.2. Accounting of Operating Segments

Accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis and inter-segment revenue and expenses, have been included under "Unallocated Corporate Expenses/Eliminations".

2.19. Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, in accordance with IND AS 33.

2.20. First-time adoption – mandatory exceptions, optional exemptions

2.20.1. Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.20.2. Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not opted the exemption of using previous GAAP carrying value of all its Property, Plant and Equipment, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

2.20.3. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 determining whether an arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.20.4. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.20.5. Impairment of financial assets

The entity has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the entity has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2.21 Previous year figures have been regrouped/reclassified wherever necessary.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions 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.

3.1. Useful lives of Property, plant and equipment

As described in note 3 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, the management determined that the useful lives of Global positioning system units (GPS units) needs to be revised from 5 years to 2 years based on the experience.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase/(decrease) the depreciation expense in the current financial year and for the subsequent 3 years, by the following amounts:

Year ending March 31,	` in lacs
2017	57.67
2018	12.55
2019	(13.11)
2020	(28.54)

3.2. Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Note No. 4 – Property, Plant and Equipment

For the year ended 31st March, 2017

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Total	CWIP
						` in lacs
A. Gross Carrying Amount						
a) Balance as at 1st April, 2016	**1,485.05**	**1,231.91**	**633.71**	**137.64**	**3,488.31**	**1.01**
b) Additions	**444.27**	**556.43**	**328.67**	**103.11**	**1,432.48**	**69.45**
Less: Disposals/Reclassifications	**112.81**	**(152.95)**	**(14.00)**	**(75.06)**	**(129.20)**	**(1.01)**
Balance as at 31st March, 2017	**2,042.13**	**1,635.39**	**948.38**	**165.69**	**4,791.59**	**69.45**
B. Accumulated depreciation and impairment						
a) Balance as at 1st April, 2016	**567.53**	**522.64**	**203.86**	**114.90**	**1,408.93**	**–**
b) Depreciation expense for the year	**322.12**	**354.88**	**129.61**	**8.85**	**815.46**	**–**
Less: Eliminated on disposal of assets/reclassifications	**85.17**	**(116.07)**	**(8.77)**	**(71.31)**	**(110.98)**	**–**
Balance as at 31st March, 2017	**974.82**	**761.45**	**324.70**	**52.44**	**2,113.41**	**–**
C. Net carrying amount (A-B)	**1,067.31**	**873.94**	**623.68**	**113.25**	**2,678.18**	**69.45**

For the year ended 31st March, 2016

Description of Assets	Plant and Equipment	Office Equipment	Furniture & Fittings	Vehicles	Total	CWIP
						` in lacs
A. Gross Carrying Amount						
a) Balance as at 1st April, 2015	1,305.84	882.90	482.83	182.46	2,854.03	1.78
b) Additions	179.66	394.53	153.98	–	728.17	1.01
Less: Disposals/Reclassifications	(0.45)	(45.51)	(3.10)	(44.82)	(93.88)	(1.78)
Balance as at 31st March, 2016	1,485.05	1,231.92	633.71	137.64	3,488.32	1.01
B. Accumulated depreciation and impairment						
a) Balance as at 1st April, 2015	321.36	311.19	122.02	132.39	886.96	–
b) Depreciation expense for the year	246.41	249.98	84.43	21.40	602.22	–
Less: Eliminated on disposal of assets/reclassifications	(0.24)	(38.53)	(2.59)	(38.89)	(80.25)	–
Balance as at 31st March, 2016	567.53	522.64	203.86	114.90	1,408.93	–
C. Net carrying amount (A-B)	917.52	709.28	429.85	22.74	2,079.39	1.01

Notes:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2017 is ` 139.62 lakhs (2016: ` 17.63 lakhs).

ii) Based on experience,during the year ended 31st March 2017, the estimated useful life of Global Positioning System (GPS) unit has been revised from 5 years to 2 years. The impact of change in estimate in current period and future periods is mentioned in note 3.1.

iii) During the year, Company has capitalised ` 1.01 lakhs (2016: ` 1.78 lakhs) from capital work-in progress.

iv) Reclassifications of GPS units from office equipment to plant and machinery have been shown under 'Disposals/Reclassifications'.

Note No. 5 – Intangible Assets

For the year ended 31st March, 2017

Description of Assets	Computer Software	Intangible assets under development
		` in lacs
A. Gross Carrying Amount		
a) Balance as at 1st April 2016	**1,108.54**	**42.11**
b) Additions	**153.98**	**–**
Less: Disposals/Reclassifications	**–**	**(42.11)**
Balance as at 31st March 2017	**1,262.52**	**–**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April 2016	**1,070.35**	**–**
b) Amortisation expense for the year	**75.96**	**–**
Less: Eliminated on disposal of assets/ reclassification	**–**	**–**
Balance as at 31st March 2017	**1,146.31**	**–**
C. Net carrying amount (A-B)	**116.21**	**–**

For the year ended 31st March, 2016

Description of Assets	Computer Software	Intangible assets under development
		` in lacs
Intangible Assets		
A. Gross Carrying Amount		
a) Balance as at 1st April 2015	1,067.84	–
b) Additions	40.70	42.11
Less: Disposals/Reclassifications	–	–
Balance as at 31st March 2016	1,108.54	42.11
B. Accumulated depreciation and impairment		
a) Balance as at 1st April 2015	1,010.24	–
b) Amortisation expense for the year	60.11	–
Less: Eliminated on disposal of assets/ reclassification	–	–
Balance as at 31st March 2016	1,070.35	–
C. Net carrying amount (A-B)	38.19	42.11

Notes:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2017 is ` 1.24 Lakhs (2016: ` 26.50 lakhs).

ii) During the year, Company has capitalised ` 42.11 lakhs (2016: Nil) from intangible assets under development.

Note No. 6 – Investments

` in lacs

Particulars	As at 31st March, 2017 Quantity	Amount Current	Amount Non Current	As at 31st March, 2016 Quantity	Amount Current	Amount Non Current	As at 1st April, 2015 Quantity	Amount Current	Amount Non Current
I. COST									
Unquoted Investments (fully paid)									
– Investments in Equity Instruments of Subsidiaries									
i) Equity Shares of 2x2 Logistics Private Limited of ` 10 each fully paid up	**38,55,500**	–	**385.55**	22,05,500	–	220.55	22,05,500	–	220.55
ii) Equity Shares of LORDS Freight India Private limited of ` 10 each fully paid up	**14,17,509**	–	**799.99**	14,17,509	–	799.99	14,17,509	–	799.99
Total Unquoted Investments	–	–	**1,185.54**	–	–	1,020.54	–	–	1,020.54
TOTAL INVESTMENTS CARRIED AT COST [I]	–	–	**1,185.54**	–	–	1,020.54	–	–	1,020.54
II. AMORTISED COST									
Unquoted									
– National Saving Certificates (lien to Sales Tax Dept.)	–	**0.30**	**0.32**	–	0.25	0.28	–	0.17	0.36
Total Unquoted Investments	–	**0.30**	**0.32**	–	0.25	0.28	–	0.17	0.36
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [II]	–	**0.30**	**0.32**	–	0.25	0.28	–	0.17	0.36
III. FAIR VALUE THROUGH PROFIT AND LOSS									
A. Quoted Investments (fully paid)									
a) Investments in Mutual Funds	–	**5,803.93**	–	–	6,808.50	–	–	11,032.38	–
Total Quoted Investments	–	**5,803.93**	–	–	6,808.50	–	–	11,032.38	–
B. Unquoted Investments (fully paid)									
Investments in Equity Instruments									
– The Zoroastrian Co-Operative Bank Limited	**4,000**	–	**1.00**	4,000	–	1.00	4,000	–	1.00
Total Unquoted Investments	–	–	**1.00**	–	–	1.00	–	–	1.00
TOTAL INVESTMENTS CARRIED AT FVTPL [III]	–	**5,803.93**	**1.00**	–	6,808.50	1.00	–	11,032.38	1.00
Of the above, investments designated at FVTPL	–	–	–	–	–	–	–	–	–
Of the above, investments held for trading	–	**5,803.93**	–	–	6,808.50	–	–	11,032.38	–
Other investments carried at FVTPL	–	–	**1.00**	–	–	1.00	–	–	1.00
TOTAL INVESTMENTS (I) + (II)+ (III)	–	**5,804.23**	**1,186.86**	–	6,808.75	1,021.82	–	11,032.55	1,021.90
TOTAL IMPAIRMENT VALUE OF INVESTMENTS (IV)	–	–	–	–	–	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (I) + (II) + (III) - (IV)	–	**5,804.23**	**1,186.86**	–	6,808.75	1,021.82	–	11,032.55	1,021.90
Other disclosures									
Aggregate amount of quoted investments		**5,803.93**	–	–	6,808.50	–		11,032.38	–
Aggregate amount of Market value of investments		**5,803.93**	–	–	6,808.50	–		11,032.38	–
Aggregate amount of unquoted investments		**0.30**	**1,186.86**	–	0.25	1,021.82		0.17	1,021.90
Aggregate amount of impairment in value of investments		–	–		–	–		–	–

(i) The major portion of investments represent investment in equity instruments of subsidiaries and investment in growth-oriented liquid mutual funds.

Note No. 7 – Trade receivables

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade receivables			
a) Secured, considered good	–	–	–
b) Unsecured, considered good	**40,896.13**	24,110.13	19,201.18
	40,896.13	24,110.13	19,201.18
Less: Allowance for Credit Losses	**870.15**	625.43	486.18
Total	**40,025.98**	23,484.70	18,715.00
Of the above, trade receivables from:			
a) Related Parties	**7,121.01**	7,188.45	6,218.38
b) Others	**32,904.97**	16,296.25	12,496.62
Total	**40,025.98**	23,484.70	18,715.00

Notes:

i) Refer Note 28 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) Trade Receivables are subject to confirmation and Reconciliations. Provision is however made for doubtful debt based on lifetime expected credit loss method as specified under simplied approach.

Note No. 8 – Loans

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans to related parties			
a) Secured, considered good	–	–	–
b) Unsecured, considered good	**2,500.00**	2,700.00	1,000.00
c) Doubtful	–	–	–
Less: Allowance for Credit Losses	–	–	–
	2,500.00	2,700.00	1,000.00

Notes:

i) Refer Note 28 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 9 – Other financial assets

` in lacs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
Financial assets at amortised cost						
a) Bank Deposit with more than 12 months maturity	**–**	**0.42**	–	800.67	–	0.67
Total	**–**	**0.42**	–	800.67	–	0.67
b) Security Deposits						
i. Secured, considered good	**–**	**–**	–	–	–	–
ii. Unsecured, considered good	**1,226.29**	**1,020.34**	755.88	829.91	709.05	578.49
iii. Doubtful	**–**	**–**	13.93	–	–	–
Less: Allowance for Credit Losses	**–**	**–**	(13.93)	–	–	–
Total	**1,226.29**	**1,020.34**	755.88	829.91	709.05	578.49
c) Other items						
i. Interest Accrued	**103.26**	**–**	306.10	–	21.36	–
ii. Accrued Sales	**3,770.53**	**–**	443.31	–	514.40	–
Total	**3,873.79**	**–**	749.41	–	535.76	–
Total (a+b+c)	**5,100.08**	**1,020.76**	1,505.29	1,630.58	1,244.81	579.16

Notes:

i) Refer Note 28 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 10 – Deferred Tax Assets

(a) Movement in deferred tax balances

` in lacs

Particulars	For the Year ended 31st March 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
A. Tax effect of items constituting deferred tax liabilities			
a) VAT allowed u/s 43B of Indian Income tax act, 1961	**108.34**	–	**108.34**
b) Deposits received	**1.09**	**(0.51)**	**0.58**
c) Mutual Funds	**2.25**	**(1.06)**	**1.19**
Total	**111.68**	**(1.57)**	**110.11**
B. Tax effect of items constituting deferred tax assets			
a) Property, Plant and Equipment	**176.63**	**30.57**	**207.20**
b) Employee benefits	**486.91**	**63.98**	**550.89**
c) Expected credit loss on financial assets and provision for doubtful advances	**303.86**	**106.26**	**410.12**
d) ESOP Expenses	**–**	**88.21**	**88.21**
e) Others	**2.02**	**3.91**	**5.93**
Total	**969.42**	**292.93**	**1,262.35**
Net Tax Asset/(Liabilities) (A-B)	**857.74**	**294.50**	**1,152.24**

` in lacs

Particulars	For the Year ended 31st March 2016 Opening Balance	Recognised in profit and Loss	Closing Balance
A. Tax effect of items constituting deferred tax liabilities			
a) VAT allowed u/s 43B of Indian Income tax act, 1961	108.34	–	108.34
b) Deposits received	1.19	(0.10)	1.09
c) Mutual Funds	6.93	(4.68)	2.25
Total	116.46	(4.78)	111.68
B. Tax effect of items constituting deferred tax assets			
a) Property, Plant and Equipment	169.65	6.97	176.62
b) Employee benefits	366.67	120.25	486.92
c) Expected credit loss on financial assets and provision for doubtful advances	280.50	23.36	303.86
d) Others	1.63	0.39	2.02
Total	818.45	150.97	969.42
Net Tax Asset/(Liabilities) (A-B)	701.99	155.75	857.74

Note No. 11 – Other assets

` in lacs

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
A. Capital advances						
a) For Capital work in progress	**–**	**38.85**	–	0.91	–	1.96
b) For intangible asset under development	**–**	**3.78**	–	–	–	0.62
Total (A)	**–**	**42.63**	–	0.91	–	2.58
B. Advances other than capital advances						
a) Advances to suppliers - considered good	**5,343.52**	**–**	3,421.21	–	2,453.43	–
b) Advances to suppliers - considered doubtful	**314.89**	**–**	238.65	–	324.34	–
c) Advances to related parties	**–**	**–**	51.83	–	51.83	–
d) Balances with government authorities (other than income taxes)	**194.75**	**–**	369.19	–	234.44	–
e) Prepaid Expenses	**263.21**	**59.04**	149.63	105.73	152.76	134.27
f) Advances to employees	**110.56**	**–**	97.40	–	82.33	–
g) Other advances	**101.27**	**–**	49.06	–	9.35	–

` in lacs

Particulars	As at 31st March, 2017 Current	Non-Current	As at 31st March, 2016 Current	Non-Current	As at 1st April, 2015 Current	Non-Current
Total (B)	**6,328.20**	**59.04**	4,376.97	105.73	3,308.48	134.27
Total (A+B)	**6,328.20**	**101.67**	4,376.97	106.64	3,308.48	136.85
Less: Provision for doubtful advances	**(314.89)**	**–**	(238.65)	–	(324.34)	–
Total (C)	**(314.89)**	**–**	(238.65)	–	(324.34)	–
Total (A+B+C)	**6,013.31**	**101.67**	4,138.32	106.64	2,984.14	136.85

Note No. 12 – Cash and cash equivalents

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Cash and cash equivalents			
a) Balances with banks	**2,177.90**	2,250.15	1,722.63
b) Cheques, drafts on hand	**53.53**	4.44	59.74
c) Cash on hand	**–**	3.26	6.66
d) Bank deposits with maturity of less than 3 months	**3,500.25**	1,500.00	2,954.98
Total	**5,731.68**	3,757.85	4,744.01
B. Other Bank Balances			
Fixed Deposits with maturity greater than 3 months	**–**	4,500.00	5,000.00
Total	**–**	4,500.00	5,000.00

Reconciliation of Cash and Cash Equivalents

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Total Cash and Cash Equivalents as per Balance Sheet	**5,731.68**	3,757.85	4,744.01
Add: Bank Overdraft	**–**	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**5,731.68**	3,757.85	4,744.01

Notes

i) Cash Credit facilities are repayable on demand and carry interest based on applicable rate plus agreed spreads and/or negotiated rates. The rates of interest during the year ranged between 8.45% to 11.55%.

Note No. 13 – Current Tax Assets

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advance Income Tax/TDS Receivable (Net off Provision for Tax)	**5,210.06**	2,469.22	876.86
Total	**5,210.06**	2,469.22	876.86

Note No. 14 – Assets classified as held for sale

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Land held for sale	**190.90**	190.90	190.90
Total	**190.90**	190.90	190.90
Liabilities associated with assets held for sale	–	–	–

Notes:

i) During the financial year 2011-2012, cost of land situated at Sembiya Manali Village, Ponneri taluka, Tiruvallore District, amounting to ` 189.42 Lakhs and related development costs of the land amounting to ` 1.48 Lakhs was classified as Non-Current Asset held for sale.

ii) Being a non-core asset, the management decided to sell the land. The Company is looking for a prospective buyer including advertisements through print media. The property is available for immediate sale in its present condition.

Note No. 15 - Share Capital

` in lacs

Particulars	As at 31st March, 2017 No. of shares	Amount	As at 31st March, 2016 No. of shares	Amount	As at 1st April, 2015 No. of shares	Amount
A. Authorised:						
a) Equity shares of ` 10 each with voting rights	**105,000,000**	**10,500.00**	64,000,000	6,400.00	64,000,000	6,400.00
b) 0.001% Non Cumulative fully paid Compulsorily Convertible Preference shares of ` 50 each	**–**	**–**	8,200,000	4,100.00	8,200,000	4,100.00
Total		**10,500.00**		10,500.00		10,500.00
B. Issued, Subscribed and Fully Paid:						
a) Equity shares of ` 10 each with voting rights	**67,832,997**	**6,783.30**	59,655,813	5,965.58	59,655,813	5,965.58
b) 0.001% Non Cumulative fully paid Compulsorily Convertible Preference shares of ` 50 each	**–**	**–**	8,177,184	4,088.59	8,177,184	4,088.59
Total		**6,783.30**		10,054.17		10,054.17
C. Issued, Subscribed and Partly Paid:						
a) Equity shares of ` 10 each with voting rights ` 2 paid up	**40,774**	**0.82**	40,774	0.82	40,774	0.82
b) Equity shares of ` 10 each with voting rights ` 1 paid up	**1,581,273**	**15.81**	1,581,273	15.81	1,581,273	15.81
Total		**16.63**		16.63		16.63
Total (B+C)		**6,799.93**		10,070.80		10,070.80

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

` in lacs

Particulars		Opening Balance	Fresh Issue	Other Changes*	Closing Balance
A. Equity Shares with Voting rights					
a) Year Ended 31st March 2017					
	No. of Shares	61,277,860	8,177,184	–	69,455,044
	Amount	5,982.21	817.72	–	6,799.93
b) Year Ended 31st March 2016					
	No. of Shares	61,277,860	–	–	61,277,860
	Amount	5,982.21	–	–	5,982.21
c) Year Ended 1st April 2015					
	No. of Shares	61,277,860	–	–	61,277,860
	Amount	5,982.21	–	–	5,982.21
B. 0.001% Non Cumulative fully paid Compulsorily Convertible Preference of ` 50 each					
a) Year Ended 31st March 2017					
	No. of Shares	8,177,184	–	(8,177,184)	–
	Amount	4,088.59	–	(4,088.59)	–
b) Year Ended 31st March 2016					
	No. of Shares	8,177,184	–	–	8,177,184
	Amount	4,088.59	–	–	4,088.59
c) Year Ended 1st April 2015					
	No. of Shares	8,177,184	–	–	8,177,184
	Amount	4,088.59	–	–	4,088.59

Notes:

i) Rights, preferences and restrictions 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 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.

ii) Rights, preferences and restrictions attached to preference shares

Each CCPS is issued at subscription price of ` 122.29 having a par value of ` 50 Each. Each CCPS shall convert into one equity share of ` 10/- each subject to the terms provided under the agreement with the holder of CCPS. CCPS shall be convertible into equity share (a) at any time at the option of the holders, or (b) at the option of the Company on and after completion of 5 (five) years from the date of investment by holder of CCPS i.e. 19th March 2014. Each CCPS shall be entitled to a preferred dividend of 0.001% (zero point zero zero one percent) per annum, in priority to the holders of the the equity shares. In any given financial year the Company may not declare any dividend or other distribution to its holders of equity shares unless it has first declared the preferential dividend of such financial year to the holders of the CCPS. If the Company declares any dividend or other distribution to its holders of equity shares, in cash or otherwise, each holder of the CCPS shall have right, in priority to the holders of the equity shares, to receive the aggregate amount of dividend or other distribution which such holder of CCPS would have received if, on the record date for each distribution made during the financial year during which the dividend or other distribution is made (including the record date for the dividend or distribution at stake), it were the holder of the maximum number of equity shares representing deemed shareholding into which its CCPS can be converted on the record date for such distribution.

* During the year, 81,77,184 0.001% Non cumulative compulsory convertible preference shares have been converted into 81,77,184 fully paid up equity shares.

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder		As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares	As at 31st March, 2016 Number of shares held	As at 31st March, 2016 % holding in that class of shares	As at 1st April, 2015 Number of shares held	As at 1st April, 2015 % holding in that class of shares
A. Equity shares with voting rights							
a)	Mahindra & Mahindra Limited	**51,478,330**	**74.12%**	51,478,330	84.01%	51,478,330	84.01%
b)	Normandy Holdings Limited	**15,686,263**	**22.58%**	7,843,227	12.80%	7,843,227	12.80%
B. 0.001% Non Cumulative fully paid Compulsorily Convertible Preference shares of ` 50 each							
a)	Normandy Holdings Limited	–	–	7,843,036	95.91%	7,843,036	95.91%

Notes:

i) For details of shares reserved or issuance under options, please refer note no. 23.

Note No. 16 – Other Equity

` in lacs

Paticulars	31st March, 2017	31st March, 2016	1st April, 2015
Equity component of compound financial instruments (CCPS)	–	4,088.59	4,088.59
Securities premium reserve	**9,266.80**	5,995.92	5,995.92
Equity-settled employee benefits reserve	**246.48**	175.58	87.18
Retained earnings	**18,568.57**	14,134.95	10,431.55
Total	**28,081.85**	24,395.05	20,603.24

Movement in Reserves

` in lacs

Paticulars	31st March, 2017	31st March, 2016	1st April, 2015
(A) Securities Premium			
Balance as at the beginning of the year	**5,995.92**	5,995.92	5,995.92
Add: Additions during the year	**3,270.87**	–	–
Less: Deletion during the year	–	–	–
Balance as at the end of the year	**9,266.79**	5,995.92	5,995.92
(B) Equity-settled Employee benefits reserve			
Balance as at the beginning of the year	**175.58**	87.18	–
Add: Additions during the year	**70.90**	88.40	87.18
Less: Deletion during the year	–	–	–
Balance as at the end of the year	**246.48**	175.58	87.18
(C) Retained Earnings			
Balance as at the beginning of the year	**14,134.95**	10,431.55	10,578.49
Add: Profit for the year	**4,480.52**	3,730.64	–
Less: Actuarial gain/(loss) for the year	**(46.90)**	(27.24)	(146.94)
Balance as at the end of the year	**18,568.57**	14,134.95	10,431.55

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the surplus during the year to be retained in business and not for appropriation.

Securities Premium:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Indian Companies Act, 2013.

Equity-settled employee benefits reserve:

Equity settled employee benefit reserve represents reserve towards the premium for the equity shares to be issued against the options granted.

Note No. 17 – Trade Payables

` in lacs

Paticulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) Trade Payable- Micro and Small Enterprises	–	–	–
b) Trade payable - Other than Micro and Small Enterprises	**37,717.74**	21,495.31	21,020.92
Total	**37,717.74**	21,495.31	21,020.92

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

ii) Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006 as on 31st March 2017.

Note No. 18 – Other Financial Liabilities

` in lacs

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost						
(a) Security Deposits	**336.29**	**2.00**	202.40	177.54	136.76	172.23
(b) Other liabilities						
- Creditors for capital supplies/services	**150.11**	**–**	36.94	–	55.07	–
- Employee Dues	**1,272.59**	**–**	944.62	–	834.02	–
Total	**1,758.99**	**2.00**	1,183.96	177.54	1,025.85	172.23

Note No. 19 – Provisions

` in lacs

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Provision for employee benefits						
(a) Provision for leave encashment	**321.17**	**1,270.61**	240.69	1,166.23	183.91	875.55
(b) Post- employment Benefit -Gratuity Liability	**284.53**	**–**	202.62	–	64.01	–
Total	**605.70**	**1,270.61**	443.31	1,166.23	247.92	875.55

Notes:

The provision for employee benefits includes annual leave and vested long service leave entitlements accrued and gratuity liability for the employees. For other disclosures, refer note 32 on employee benefit plans.

Note No. 20 – Other Liabilities

` in lacs

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
A. Advances received from customers						
B. Unearned Income on discounted deposits	**9.11**	**–**	–	22.74	–	36.37
C. Statutory dues						
a) Taxes Payable	**463.77**	**–**	331.57	–	185.73	–
b) Employee Liabilities	**191.91**	**–**	134.60	–	103.99	–
Total	**664.79**	**–**	466.17	22.74	289.72	36.37

Note No. 21 – Revenue from Operations

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Revenue from rendering of services	**258,826.71**	199,389.38
b) Other operating revenue	**42.00**	106.82
Total	**258,868.71**	199,496.20

Note No. 22 – Other Income

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Interest Income	**686.97**	912.49
b) Dividend Income	**53.01**	153.25
c) Miscellaneous Income		
i. Net gain/(loss) arising on financial assets carried at FVTPL	**53.62**	161.34
ii. Net gain/(loss) arising on financial liabilities carried at amortised cost	**13.63**	13.63
iii. Other income	**89.14**	44.09
Total	**896.37**	1,284.80

Note No. 23 – Employee Benefits Expense

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Salaries and wages, including bonus	**15,410.07**	12,299.79
b) Contribution to provident and other funds	**914.03**	656.90
c) Gratuity	**213.28**	163.98
d) Equity-settled share-based payments	**70.90**	88.40
e) Staff welfare expenses	**1,619.85**	1,280.62
Total Employee Benefit Expense	**18,228.13**	14,489.69

Notes:

i) Share based payment

The Company has introduced a MLL - Key Executives Stock Option Scheme, 2012 ("Plan") as approved at its Board Meeting held on 27th April 2012 and subsequently amended on 5th February 2014, 27th October, 2015 and 3rd August, 2017. The plan provides that eligible emloyees and the Mahindra Partners Employees Options Trust (the Trust) as defined in the Plan are granted options to acquire equity shares of the Company that vests in a graded manner. The vested options can be exercised within a specified period from the date on which the shares of the Company get listed on a recognized stock exchange or on happening of an event as specified in the Plan. The number of options granted is calculated in accordance with the performance- based formula approved by the Board As recommneded by the ESOP committee.

ii) Information in respect of options outstanding:

Particulars	Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled					
Option 1	1,122,110	25-06-12	30-06-21	13.90	9.04
Option 2	29,931	02-11-12	30-06-21	13.90	8.84
Option 3	231,982	14-10-13	30-06-21	23.38	16.08
Option 4	545,866	27-10-15	30-06-21	44.30	26.83
Option 5	73,608	03-08-16	30-06-21	52.76	35.50

iii) Movement in Share Options

Particulars	Equity-settled share-based payments: Number of Shares	Equity-settled share-based payments: Weighted average exercise price
a) The number and weighted average exercise prices of share options outstanding at the beginning of Period	1,929,889	23.64
b) Granted during the period	73,608	52.76
C) Forfeited during the period	206,116	19.79
d) Exercised during the period	–	–
e) Expired during the period	–	–
f) Outstanding at the end of the period	1,797,381	25.27
g) Exercisable at the end of the period	1,797,381	25.27

iv) No options have been excercised during the year.

v) The share options outstanding at the end of the year had a weighted average exercise price of ` 25.27 and a weighted average remaining contractual life of 1552 days.

vi) The inputs used in the measurement of the fair values at grant date of the employee stock option plans (ESOPs) were as follows.

Grant Date	25-06-12		02-11-12		14-10-13	
Particulars	**2017**	2016	**2017**	2016	**2017**	2016
Share price at grant date	**13.90**	13.90	**13.90**	13.90	**23.38**	23.38
Exercise price	**13.90**	13.90	**13.90**	13.90	**23.38**	23.38
Expected volatility (weighted-average)	**38.88%**	38.88%	**38.88%**	38.88%	**52.62%**	52.62%
Expected life/Option Life (weighted-average)	**9.02**	9.02	**8.66**	8.66	**7.69**	7.69
Expected dividends yield	**0.00%**	0.00%	**0.00%**	0.00%	**0.00%**	0.00%
Risk-free interest rate (based on government bonds)	**8.12%**	8.12%	**8.54%**	8.54%	**9.14%**	9.14%

Grant Date	27-10-15		03-08-16	
Particulars	**2017**	2016	**2017**	2016
Share price at grant date	**44.30**	44.30	**52.76**	
Exercise price	**44.30**	44.30	**52.76**	
Expected volatility (weighted-average)	**54.03%**	54.03%	**76.78%**	N.A.
Expected life/Option Life (weighted-average)	**5.83**	5.83	**4.91**	
Expected dividends yield	**0.00%**	0.00%	**0.00%**	
Risk-free interest rate (based on government bonds)	**8.19%**	8.19%	**7.26%**	

vii) The fair value of the employee share options has been measured using the Black-Scholes formula . Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

viii) Expected volatility has been based on an evaluation of annual volatility of peer group prevailing in the year of grant.

ix) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

x) Contribution to provident fund and other funds inludes contributions to other funds like superannuation fund, ESIS etc. pertaining to employees.

Note No. 24 – Finance Cost

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Interest expense on cash credit	**10.76**	0.64
b) Interest expense on unwinding of deposits	**15.09**	13.91
Total	**25.85**	14.55

Notes:

i) Analysis of Interest Expenses by Category

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest Expenses		
a) On Financial Liability at Amortised Cost	**25.85**	14.55
b) On Financial Liabilities at FVTPL	**–**	–
Total	**25.85**	14.55

Note No. 25 – Other Expenses

` in lacs

Particulars			As at 31st March, 2017	As at 31st March, 2016
a) Freight & other related Expense			**206,076.45**	160,403.74
b) Labour & other related Expense			**13,984.46**	9,610.29
c) Rent including lease rentals			**3,925.85**	3,307.23
d) Warehouse and related expense			**2,653.24**	1,686.67
e) Legal and Other professional costs			**2,772.01**	1,307.56
f) Hire and Service Charges			**1,080.32**	923.95
g) Travelling and Conveyance Expenses			**800.12**	610.81
h) Provision for expected credit loss on trade receivables			**244.72**	139.25
i) Provision for doubtful advances			**62.31**	(71.76)
j) Power & Fuel			**332.86**	241.36
k) Expenditure on Corporate Social Responsibilty (CSR)			**116.01**	102.74
l) Advertisement			**64.10**	36.22
m) Net loss/(gain) on sale of property, plant and equipments			**10.66**	1.62
n) Repairs and maintenance:				–
	i) Buildings	44.69		
	ii) Machinery	199.90		
	iii) Others	230.32	**474.91**	407.10
o) Auditors remuneration and out-of-pocket expenses				–
	i) As Auditors	9.42		
	ii) For Taxation matters	1.78		
	iii) For Other services	7.91		
	iv) For reimbursement of expenses	0.22	**19.33**	20.29
p) Other expenses				–
	i) Miscellaneous Expenses	1066.48		
	ii) Loss arising on derecognition of financial assets- Bad debts/advances written off	168.44	**1,234.92**	1,152.67
Total			**233,852.27**	179,879.74

Note No. 26 – Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

` in lacs

Particulars		Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Current Tax:**		
	a) In respect of current year	**2,580.79**	2,144.84
	b) In respect of prior years	**0.59**	14.95
	Total	**2,581.38**	2,159.79
B.	**Deferred Tax:**		
	In respect of current year origination and reversal of temporary differences	**(294.48)**	(155.74)
	Total	**(294.48)**	(155.74)
	Total (A+B)	**2,286.90**	2,004.05

(b) Income tax recognised in Other Comprehensive Income

` in lacs

Particulars		Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Current Tax:**		
	Remeasurement of defined benefit obligations	**(24.82)**	(14.42)
	Total	**(24.82)**	(14.42)
B.	**Deferred Tax:**		
	Total	**–**	–
Classification of income tax recognised in other comprehensive income			
	Income taxes related to items that will not be reclassified to profit or loss	**(24.82)**	(14.42)
	Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total		**(24.82)**	(14.42)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

` in lacs

Particulars		Year ended 31st March, 2017	Year ended 31st March, 2016
a)	Profit Before tax	**6,767.42**	5,734.69
b)	Income Tax using the Company's domestic tax rate	**2,342.07**	1,984.79
c)	Change in tax rate	**–**	–
d)	Expenses not allowed for tax purpose	**(22.01)**	66.21
e)	Exempt Income for tax purpose	**(18.34)**	(53.04)
f)	Deduction under Income tax	**(10.72)**	(8.86)
		2,291.00	1,989.10
g)	Adjustments recognised in the current year in relation to the current tax of prior years	**(4.09)**	14.95
Income tax expense recognised In profit or loss		**2,286.91**	2,004.05

Note:

The tax rate used for 31st March 2017 and 31st March 2016 in reconciliations above is the corporate tax rate of 30% (plus surcharge and cess as applicable) on taxable profits under Income Tax Act, 1961.

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items since it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Deductible Temporary differences	–	–
b) Unused Tax losses (revenue in nature)	–	–
c) Unused Tax losses (capital in nature)	**1,029.27**	1,029.27
Total.....	**1,029.27**	1,029.27

Note:

The unrecognised tax losses carried forward will expire entirely in FY 2019-2020.

Note No. 27 – Earnings Per Share

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
A. Basic Earnings Per Share	**6.59**	5.45
Total Basic Earnings Per Share	**6.59**	5.45
B. Diluted Earnings Per Share	**6.59**	5.45
Total Diluted Earnings Per Share	**6.59**	5.45

Notes:

i) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Profit/(loss) for the year attributable to owners of the Company	**4,480.52**	3,703.41
b) Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**4,480.52**	3,703.41
Weighted average number of equity shares	**679.99**	679.99
Earnings per share from continuing operations - Basic	**6.59**	5.45

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective periods.

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Profit/(loss) for the year used in the calculation of basic earnings per share	**4,480.52**	3,703.41
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**4,480.52**	3,703.41

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**679.99**	679.99
Add: Effect of ESOPs	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**679.99**	679.99

iv) The shares outstanding under ESOP scheme are not taken into consideration for the calculation of diluted EPS since they are anti-dilutive in nature.

Note No. 28 – Financial Instruments

I. Capital management Policy

a) 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.

b) For the purpose of Company's capital management, capital includes issued share capital, equity as well as preference and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. 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.

c) The following table shows the components of capital:

` in lacs

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Equity	**34,881.78**	30,377.25	26,585.45
Capital	**34,881.78**	30,377.25	26,585.45

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

` in lacs

As at 31st March 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	**0.32**	**1.00**	**–**	**1.32**
b) Other Financial Assets	**1,020.76**	**–**	**–**	**1,020.76**
Total	**1,021.08**	**1.00**	**–**	**1,022.08**
B. Current Assets				
a) Investments	**0.30**	**5,803.93**	**–**	**5,804.23**
b) Trade Receivables	**40,025.98**	**–**	**–**	**40,025.98**
c) Cash and Bank Balances	**5,731.68**	**–**	**–**	**5,731.68**
d) Loans	**2,500.00**	**–**	**–**	**2,500.00**
e) Other Financial Assets	**5,100.08**	**–**	**–**	**5,100.08**
Total	**53,358.04**	**5,803.93**	**–**	**59,161.97**
C. Non-current Liabilities				
a) Other Financial Liabilities	**2.00**	**–**	**–**	**2.00**
Total	**2.00**	**–**	**–**	**2.00**
D. Current Liabilities				
a) Trade Payables	**37,717.74**	**–**	**–**	**37,717.74**
b) Other Financial Liabilities	**1,758.99**	**–**	**–**	**1,758.99**
Total	**39,476.73**	**–**	**–**	**39,476.73**

` in lacs

As at 31st March 2016

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	0.28	1.00	–	1.28
b) Other Financial Assets	1,630.58	–	–	1,630.58
Total	1,630.86	1.00	–	1,631.86
B. Current Assets				
a) Investments	0.25	6,808.50	–	6,808.75
b) Trade Receivables	23,484.70	–	–	23,484.70
c) Cash and Bank Balances	8,257.85	–	–	8,257.85
d) Loans	2,700.00	–	–	2,700.00
e) Other Financial Assets	1,505.29	–	–	1,505.29
Total	35,948.09	6,808.50	–	42,756.59
C. Non-current Liabilities				
a) Other Financial Liabilities	177.54	–	–	177.54
Total	177.54	–	–	177.54
D. Current Liabilities				
a) Trade Payables	21,495.31	–	–	21,495.31
b) Other Financial Liabilities	1,183.96	–	–	1,183.96
Total	22,679.27	–	–	22,679.27

` in lacs

As at 1st April 2015

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	0.36	1.00	–	1.36
b) Other Financial Assets	579.16	–	–	579.16
Total	579.52	1.00	–	580.52

` in lacs

As at 1st April 2015

Particulars		Amortised Costs	FVTPL	FVOCI	Total
B.	**Current Assets**				
a)	Investments	0.17	11,032.38	–	11,032.55
b)	Trade Receivables	18,715.00	–	–	18,715.00
c)	Cash and Bank Balances	9,744.01	–	–	9,744.01
d)	Loans	1,000.00	–	–	1,000.00
e)	Other Financial Assets	1,244.81	–	–	1,244.81
Total		30,703.99	11,032.38	–	41,736.37
C.	**Non-current Liabilities**				
a)	Other Financial Liabilities	172.23	–	–	172.23
Total		172.23	–	–	172.23
D.	**Current Liabilities**				
a)	Trade Payables	21,020.92	–	–	21,020.92
b)	Other Financial Liabilities	1,025.85	–	–	1,025.85
Total		22,046.77	–	–	22,046.77

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity 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.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterparty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customer of the Company, the Company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to a single Company did not exceed 25% of gross monetary assets at any time during the year.

(iv) The Company applies the simplified approach in providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) The loss allowance provision is determined as follows:

	As at 31st March 2017							
	SCM				MPTS			
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	**21,920.01**	**10,360.86**	**1,464.38**	**33,745.25**	**4,886.73**	**1,938.83**	**325.32**	**7,150.88**
b) Loss allowance provision	**343.93**	**177.90**	**76.19**	**598.02**	**163.08**	**64.70**	**44.35**	**272.13**

	As at 31st March 2016							
	SCM				PTS			
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	10,091.90	6,396.53	1,880.54	18,368.97	3,789.71	1,553.21	398.23	5,741.15
b) Loss allowance provision	158.72	100.60	125.94	385.26	139.21	57.06	43.90	240.17

	As at 1st April 2015							
	SCM				PTS			
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	8,755.84	4,469.63	660.17	13,885.64	3,715.38	1,491.69	108.48	5,315.55
b) Loss allowance provision	161.51	82.45	12.18	256.14	160.80	64.56	4.69	230.05

(vii) Reconciliation of loss allowance provision for Trade Receivables

` in lacs

Particulars		31st March, 2017	31st March, 2016
a)	Balance as at beginning of the year	**625.43**	486.18
b)	Impairment losses recognised in the year based on lifetime expected credit losses		
	– On receivables originated in the year	**33.02**	0.16
	– Other receivables	**384.99**	396.49
c)	Impairment losses reversed/written back	**173.29**	257.41
d)	**Balance at end of the year**	**870.15**	625.42

(vii) Reconciliation of loss allowance provision for Deposit

` in lacs

Particulars		31st March, 2017	31st March, 2016
a)	Balance as at beginning of the year	**13.93**	–
b)	Impairment losses recognised in the year based on lifetime expected credit losses		
	– On receivables originated in the year	**–**	–
	– Other receivables	**–**	13.93
c)	Impairment losses reversed/written back	**(13.93)**	13.93
d)	**Balance at end of the year**	**–**	13.93

(viii) During the period, the Company has made write off of ` 135.98 lacs (31 March, 2016: INR 82.72 lacs) of trade receivables and ` 15.23 lacs (31st March, 2016: INR ` 2.41 lacs) of deposits given. These trade receivables and deposits are not subject to enforcement activity.

Investment in Mutual Funds

During the year, the Company has made investments of ` 5803.93 lacs (31st March, 2016 ` 6808.50 lacs) in growth oriented and dividend oriented mutual funds which have not been impaired till date.

Cash and Cash equivalents

As at 31st March, 2017, the Company held cash and cash equivalents of ` 5731.68 lacs (As at 31st March, 2016 ` 8257.85 lacs). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilities:

` in lacs

Particulars		Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
A)	**Non-derivative financial liabilities**				
	As at 31st March 2017				
	a) Trade Payables	37,717.74	–	–	–
	b) Security Deposits	347.08	2.00	–	–
	c) Creditors for capital supplies	150.11	–	–	–
	d) Employee Dues	1,272.59	–	–	–
Total		**39,487.52**	**2.00**	**–**	**–**
	As at 31st March 2016				
	a) Trade Payables	21,495.31	–	–	–
	b) Security Deposits	202.40	203.43	–	–
	c) Creditors for capital supplies	36.94	–	–	–
	d) Employee Dues	944.62	–	–	–
Total		**22,679.27**	**203.43**	**–**	**–**
	As at 1st April 2015				
	a) Trade Payables	21,020.92	–	–	–
	b) Security Deposits	136.76	212.03	–	–
	c) Creditors for capital supplies	55.07	–	–	–
	d) Employee Dues	834.02	–	–	–
Total		**22,046.77**	**212.03**	**–**	**–**

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) Secured Cash credit facility			
– Expiring within one year	**5,300.00**	5,300.00	5,300.00
– Expiring beyond one year	**–**	–	–
b) Secured Sales Invoice facility*			
– Expiring within one year	**–**	2,500.00	2,500.00
– Expiring beyond one year	**–**	–	–
c) Bank Guarantees*			
– Expiring within one year	**–**	–	–
– Expiring beyond one year	**456.47**	423.27	405.78

* These limits are as a sub-limit of secured cash credit facility.

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

` in lacs

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
As at 31st March 2017				
Trade Receivables	40,025.98	–	–	–
Security Deposits	1,239.80	943.88	116.52	–
Loan to related parties	2,500.00	–	–	–
Others	3,873.79	0.42	–	–
Total	**47,639.57**	**944.30**	**116.52**	**–**
As at 31st March 2016				
Trade Receivables	23,484.69	–	–	–
Security Deposits	770.86	848.34	63.01	–
Loan to related parties	2,700.00	–	–	–
Others	749.41	800.67	–	–
Total	**27,704.97**	**1,649.01**	**63.01**	**–**
As at 1st April 2015				
Trade Receivables	18,715.00	–	–	–
Security Deposits	710.09	591.29	86.67	–
Loan to related parties	1,000.00	–	–	–
Others	535.76	0.67	–	–
Total	**20,960.85**	**591.96**	**86.67**	**–**

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

The Company does not have significant market risk at the respective reporting dates.

Note No. 29 – Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/financial liabilities measured at Fair value	Fair value as at 31st March 2017	Fair value as at 31st March 2016	Fair value as at 1st April 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
A) Financial assets							
a) Investments							
i) Mutual fund investments	**5,803.93**	6,808.50	11,032.38	Level 1	NA	NA	NA
Total financial assets	**5,803.93**	6,808.50	11,032.38				

As at the reporting date, the Company does not have any financial liability measured at fair values.

b) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	31st March 2017		31st March 2016		1st April 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
A) Financial assets						
a) Financial assets carried at Amortised Cost						
i) Loans to related parties	**2,500.00**	**2,500.00**	2,700.00	2,700.00	1,000.00	1,000.00
ii) Trade and other receivables	**40,025.98**	**40,025.98**	23,484.70	23,484.70	18,715.00	18,715.00
iii) Deposits given	**2,246.63**	**2,269.15**	1,585.79	1,602.16	1,287.54	1,288.98
iv) Cash and cash equivalents	**5,731.68**	**5,731.68**	3,757.85	3,757.85	4,744.01	4,744.01
v) Other bank balances	**–**	**–**	4,500.00	4,500.00	5,000.00	5,000.00
vi) Others	**3,873.79**	**3,873.79**	749.41	749.41	535.76	535.76
Total	**54,378.08**	**54,400.60**	36,777.75	36,794.12	31,282.31	31,283.75
B) Financial liabilities						
a) Financial liabilities held at amortised cost						
i) Deposits received	**338.29**	**343.82**	379.94	382.71	308.99	308.99
ii) Trade and other payables	**39,478.73**	**39,478.73**	22,856.81	22,856.81	22,219.00	22,219.00
Total	**39,817.02**	**39,822.55**	23,236.75	23,239.52	22,527.99	22,527.99

c) Fair Value Hierarchy

Particulars	Fair value hierarchy as at 31st March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
A) Financial assets				
Financial assets carried at Amortised Cost				
i) Loans to related parties	**–**	**2,500.00**	**–**	**2,500.00**
ii) Trade and other receivables	**–**	**40,025.98**	**–**	**40,025.98**
iii) Deposits given	**–**	**2,246.63**	**–**	**2,246.63**
iv) Cash and cash equivalents	**–**	**5,731.68**	**–**	**5,731.68**
v) Other bank balances	**–**	**–**	**–**	**–**
vi) Others	**–**	**3,873.79**	**–**	**3,873.79**
Total	**–**	**54,378.08**	**–**	**54,378.08**
B) Financial liabilities				
Financial Instruments not carried at Fair Value				
i) Deposits received	**–**	**338.29**	**–**	**338.29**
ii) Trade and other payables	**–**	**39,478.73**	**–**	**39,478.73**
Total	**–**	**39,817.02**	**–**	**39,817.02**

	Fair value hierarchy as at 31st March 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
A) Financial assets				
Financial assets carried at Amortised Cost				
i) Loans to related parties	–	2,700.00	–	2,700.00
ii) Trade and other receivables	–	23,484.70	–	23,484.70
iii) Deposits given	–	1,585.79	–	1,585.79
iv) Cash and cash equivalents	–	3,757.85	–	3,757.85
v) Other bank balances	–	4,500.00	–	4,500.00
vi) Others	–	749.41	–	749.41
Total	**–**	**36,777.75**	**–**	**36,777.75**
B) Financial liabilities				
Financial Instruments not carried at Fair Value				
i) Deposits received	–	379.94	–	379.94
ii) Trade and other payables	–	22,856.81	–	22,856.81
Total	**–**	**23,236.75**	**–**	**23,236.75**

		Fair value hierarchy as at 1st April 2015			
		Level 1	Level 2	Level 3	Total
A)	**Financial assets**				
	Financial assets carried at Amortised Cost				
i)	Loans to related parties	–	1,000.00	–	1,000.00
ii)	Trade and other receivables	–	18,715.00	–	18,715.00
iii)	Deposits given	–	1,287.54	–	1,287.54
iv)	Cash and cash equivalents	–	4,744.01	–	4,744.01
v)	Other bank balances	–	5,000.00	–	5,000.00
vi)	Others	–	535.76	–	535.76
Total		**–**	**31,282.31**	**–**	**31,282.31**
B)	**Financial liabilities**				
	Financial Instruments not carried at Fair Value				
i)	Deposits received	–	308.99	–	308.99
ii)	Trade and other payables	–	22,219.00	–	22,219.00
Total		**–**	**22,527.99**	**–**	**22,527.99**

Note:

i) The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 30 – Segment information

i) The management of the Company has chosen to organise the Company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the group.

ii) Specifically, the Company's reportable segments and the type of product or service from which they derive income are:

a) Supply Chain Management (SCM) - Goods Transportation service, including warehouse management service and linefeeding activity etc

b) People Logistics Solutions (PTS) - People Transportation service

iii) The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

iv) The segmental dislcosures are as follows :-

		As at 31st March 2017				
Particulars		**SCM**	**PTS**	**Total Segments**	**Unallocable Expenditure/ Assets/ Eliminations**	**Total**
A.	**Revenue**					
I.	External customers	**229,363.70**	**29,505.01**	**258,868.71**	**–**	**258,868.71**
Total revenue		**229,363.70**	**29,505.01**	**258,868.71**	**–**	**258,868.71**
B.	**Expenses**					
I.	Direct Cost	**212,889.32**	**26,532.26**	**239,421.58**	**–**	**239,421.58**
II.	Indirect Cost	**–**	**–**	**–**	**12,658.80**	**12,658.80**
III.	Depreciation and amortisation	**429.40**	**36.55**	**465.95**	**425.47**	**891.42**
IV.	Income tax expense or income	**–**	**–**	**–**	**2,286.90**	**2,286.90**
V.	Interest income	**–**	**–**	**–**	**(686.97)**	**(686.97)**
VI.	Interest expense	**–**	**–**	**–**	**25.85**	**25.85**
VII.	Other income	**–**	**–**	**–**	**(209.39)**	**(209.39)**
C.	**Segment profit (A+B)**	**16,044.98**	**2,936.20**	**18,981.18**	**(14,500.67)**	**4,480.51**
D.	**Total assets**					**–**
	Property, plant & equipment	**1,379.08**	**21.28**	**1,400.36**	**1,277.81**	**2,678.17**
	Intangibles	**57.89**	**34.50**	**92.39**	**23.83**	**116.22**
	Others	**–**	**–**	**–**	**74,107.22**	**74,107.22**
E.	**Total liabilities**				**42,019.83**	**42,019.83**

As at 31st March 2016

Particulars		SCM	PTS	Total Segments	Unallocable Expenditure/ Assets/ Eliminations	Total
A.	**Revenue**					
	I. External customers	174,488.11	25,008.08	199,496.19	–	199,496.19
Total revenue		174,488.11	25,008.08	199,496.19	–	199,496.19
B.	**Expenses**					
	I. Direct Cost	162,402.42	22,681.73	185,084.15	–	185,084.15
	II. Indirect Cost	–	–	–	9,285.27	9,285.27
	III. Depreciation and amortisation	289.40	18.66	308.06	354.27	662.34
	IV. Income tax expense or income	–	–	–	2,004.05	2,004.05
	V. Interest income	–	–	–	(912.49)	(912.49)
	VI. Interest expense	–	–	–	14.55	14.55
	VII. Other income				(372.31)	(372.31)
C.	**Segment profit (A+B)**	11,796.30	2,307.68	14,103.98	(10,373.34)	3,730.64
D.	**Total assets**					
	Property, plant & equipment	965.01	16.81	981.82	1,097.55	2,079.37
	Intangibles	23.26	5.15	28.41	9.78	38.19
	Others				53,214.93	53,214.93
E.	**Total liabilities**				24,955.26	24,955.26

Other disclosures :-

a) Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

b) Unallocable Expenditure/Assets/Elimination:

(i) Finance income and costs, fair value gains and losses on financial assets and indirect expenses are not allocated to individual segments as the underlying instruments are managed on an entity basis.

(ii) Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on an entity basis.

(iii) The accounting policies of the reportabe segments are the same as the Company's accounting Policies described in Note 2.18.

There is no difference between segment profit as reviewed by CEO and the profit before tax as appearing in the financials.

(v) Geographic information

` in lacs

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Revenue from external customers		
India	**258,868.71**	198,512.41
Outside India	–	983.78
Total revenue as per statement of profit or loss.....	**258,868.71**	199,496.19

(vi) Non-current operating assets

` in lacs

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
India	**3,940.70**	3,187.93	2,024.67
Outside India	–	–	–
Total.....	**3,940.70**	3,187.93	2,024.67

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

(vii) Revenue from major products and services :-

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

` in lacs

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
Transportation	**194,667.95**	147,520.55
Warehousing & other related activities	**32,994.86**	24,086.94
People Logistics	**29,505.01**	25,008.08
Total.....	**257,167.82**	196,615.57

The revenues of the Company from a group of customers under common control amounts to around 55% of its total revenues.

Note No. 31 – Leases

Operating Lease

i) The Company has entered into operating lease arrangements for commercial premises. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

` in lacs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016	For the year ended 1st April 2015
i). Future Non-Cancellable minimum lease commitments			
a) not later than one year	**1,084.51**	1,160.99	1,141.38
b) later than one year and not later than five years	**273.32**	808.03	1,595.59
c) later than five years	–	–	–
ii) Expenses recognised in the Statement of Profit and Loss			
a) Minimum Lease Payments	**3,878.82**	3,264.17	2,889.57

Note No. 32 – Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund, superannuation Fund and other funds aggregating ` 914.03 lacs (2016 : ` 656.90 lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the 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) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The funds of the defined benefit plans are held with LIC.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(2) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(3) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(4) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at		
	31st March 2017	**31st March 2016**	**1st April 2015**
a) Discount rate(s)	6.82%	7.96%	8.03%
b) Expected rate(s) of salary increase	8.00%	8.00%	8.00%
c) Mortality rate during employment	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate

(d) Defined benefit plans – as per actuarial valuation

` in lacs

Particulars		Funded Plan - Gratuity 2017	2016
I.	**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**		
	a) Current Service Cost	**197.15**	156.28
	b) Past service cost and (gains)/losses from settlements	–	
	c) Net interest expense	**16.13**	5.14
	Components of defined benefit costs recognised in profit or loss	**213.28**	161.42
	Remeasurement on the net defined benefit liability		
	a) Return on plan assets (excluding amount included in net interest expense)	**(3.24)**	(2.32)
	b) Actuarial (gains)/loss arising form changes in financial assumptions	**81.32**	26.26
	c) Actuarial (gains)/loss arising form changes in demographic assumptions	**(28.83)**	–
	d) Actuarial (gains)/loss arising form experience adjustments	**22.46**	17.72
	Components of defined benefit costs recognised in other comprehensive income	**71.71**	41.66
	Total	**284.99**	203.08
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**	**2017**	2016
	a) Present value of defined benefit obligation	**(951.72)**	(660.43)
	b) Fair value of plan assets	**667.19**	457.81
	c) Surplus/(Deficit)	**(284.53)**	(202.62)
	d) Current portion of the above	**(284.53)**	(202.62)
	e) Non current portion of the above	–	–
III.	**Change in the obligation during the year ended 31st March**		
	a) Present value of defined benefit obligation at the beginning of the year	**660.42**	481.26
	b) Add/(Less) on account of Scheme of Arrangement/Business	–	–
	c) Transfer	–	–
	d) Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**197.15**	156.28
	– Past Service Cost	–	–
	– Interest Expense (Income)	**52.57**	38.65
	e) Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial (Gain)/Loss arising from:		
	i. Financial Assumptions	**81.32**	26.26
	ii. Demographic Assumptions	**(28.83)**	–
	iii. Experience Adjustments	**22.46**	17.72
	f) Benefit payments	**(33.38)**	(59.74)
	g) **Present value of defined benefit obligation at the end of the year**	**951.71**	660.43
IV.	**Change in fair value of assets during the year ended 31st March**		
	i) Fair value of plan assets at the beginning of the year	**457.81**	417.25
	ii) Expenses Recognised in Profit and Loss Account		
	– Expected return on plan assets	**36.44**	33.51
	iii) Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	**3.24**	2.32
	iv) Contributions by employer (including benefit payments recoverable)	**203.08**	64.47
	v). Benefit payments	**(33.38)**	(59.74)
	vi) **Fair value of plan assets at the end of the year**	**667.19**	457.81

` in lacs

Particulars			Funded Plan - Gratuity 2017	2016
V.	The Major categories of plan assets			
	–	Insurance Funds	**667.19**	457.81
VI.	Actuarial assumptions			
	a)	Discount rate	**6.82%**	7.96%
	b)	Expected rate of return on plan assets	**6.82%**	7.96%
	c)	Attrition rate	**9.00%**	2.00%

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
a) Discount rate	**2017**	**1.00%**	**(72.05)**	**83.86**
	2016	1.00%	(86.35)	106.53
b) Salary growth rate	**2017**	**1.00%**	**76.97**	**(68.42)**
	2016	1.00%	97.88	(82.40)
c) Rate of employee turnover	**2017**	**1.00%**	**(11.59)**	**12.49**
	2016	1.00%	(3.22)	2.94

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

iii) The Company expects to contribute ` 284.99 Lacs to the gratuity trusts during the next financial year of 2017.

f) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	**2017**	2016	2015
Within 1 year	**82.15**	10.88	16.12
1 - 2 year	**75.68**	27.76	10.69
2 - 3 year	**102.79**	34.73	26.69
3 - 4 year	**132.39**	34.35	34.33
4 - 5 year	**167.61**	57.02	34.82
5 - 10 years	**1,105.89**	515.03	424.04

g) Plan Assets

The fair value of Company's plan asset by category are as follows:

` in lacs

Particulars		As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Asset category:				
a)	Cash and cash equivalents	**–**	–	–
b)	Debt instruments (quoted)	**–**	–	–
c)	Debt instruments (unquoted)	**–**	–	–
d)	Equity instruments (quoted)	**–**	–	–
e)	Deposits with Insurance companies	**667.19**	457.81	417.25
		100%	100%	100%

iii) The weighted average duration of the defined benefit obligation as at 31 March 2017 is 9 years (2016: 16 years).

h). Experience Adjustments:

Particulars	Period Ended				
	2017	2016	2015	2014	2013
	Gratuity				
1. Defined Benefit Obligation					
2. Fair value of plan assets	**667.19**	457.81	417.25	370.18	380.50
3. Surplus/(Deficit)	**(284.53)**	(202.61)	(64.01)	(39.22)	(102.63)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**22.46**	17.72	35.53	8.41	(0.08)
5. Experience adjustment on plan assets [Gain/(Loss)]	**3.24**	2.32	9.53	(6.46)	21.07

i) 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.

j) 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.

k) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note 33 – Related Party Transactions

i) List of Related Parties:

a) Name of the investors:	
1	Mahindra & Mahindra Limited
2	Normandy Holdings Limited
3	Kedaara Alternate Investment Funds(AIF)
b) Subsidiary Companies:	
1	Lords Freight (India) Pvt. Ltd.
2	2X2 Logistics Pvt. Limited
c) Other related parties:	
1	Bristlecone India Limited
2	EPC Industrie Limited
3	Defence Land Systems India Limited
4	Mahindra Consulting Engineers Limited
5	Mahindra Aerostructures Private Limited
6	Mahindra Auto Steel Private Limited
7	Mahindra Defence Naval Systems Private Limited
8	Mahindra Defence Systems Limited
9	Mahindra Susten Private Limited
10	Mahindra First Choice Services Limited
11	Mahindra Gujarat Tractor Limited
12	Mahindra Holidays & Resorts India Limited
13	Mahindra Insurance Brokers Limited
14	Mahindra Intertrade Limited
15	Mahindra Lifespace Developers Limited
16	Mahindra & Mahindra Financial Services Limited
17	Mahindra Trucks & Buses Limited
18	Mahindra Heavy Engines Limited
19	Mahindra Electric Mobility Limited (Formerly, Mahindra Reva Electric Vehicles Private Limited)
20	Mahindra Retail Private Limited
21	Mahindra Sona Limited (Ceased to be a JV w.e.f. 16th December, 2016)
22	Mahindra Steel Service Centre Limited
23	Mahindra Agri Solutions Limited (Formerly Mahindra Shubhalabh Services Ltd.)
24	Mahindra Two Wheelers Limited
25	Mahindra Internet Commerce Private Limited
26	Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited)
27	Mahindra Vehicle Manufacturers Limited
28	Mahindra Sanyo Special Steel Private Limited
29	Mahindra Integrated Township Limited
30	NBS International Limited
31	Mahindra Integrated Business Solutions Private Limited
32	Mahindra CIE Automotive Limited
33	Mahindra Tsubaki Conveyor Systems Private Limited
34	Mahindra Gears Transmissions Private Limited
35	Tech Mahindra Limited
36	Tech Mahindra BPO Limited
37	Swaraj Engines Limited
38	Orizonte Business Solutions Limited
d) Key management Personnel	
1	Pirojshaw Sarkari (C.E.O)
2	Ajay Mehta
3	Neelam Deo

ii) Details of transaction between the Company and its related parties are disclosed below:

` in lacs

Particulars	Entities having joint control/ significant influence over Company	Subsidiaries	Other related parties
Nature of transactions with Related Parties			
a) Purchase of property and other assets	**–**	**–**	**9.00**
	–	–	(7.50)
b) Rendering of services	**126,053.68**	**87.36**	**13,924.73**
	(116,228.67)	(22.42)	(10,935.26)
c) Receiving of services	**153.61**	**2,507.57**	**121.86**
	(217.95)	(2,146.37)	(16.47)
d) Reimbursements made to parties	**442.74**	**5.99**	**3.79**
	(261.98)	–	–
e) Reimbursements received from parties	**2.04**	**16.18**	**26.99**
	–	(18.09)	–
f) Loans/Deposits given	**–**	**–**	**1,000.00**
	–	–	(2,750.00)
g) Loans/Deposits refunded back	**–**	**–**	**1,200.00**
	–	–	(1,050.00)
h) Interest Income on inter-corporate deposits	**–**	**–**	**247.04**
	–	(1.35)	(190.22)
i) Bad & doubtful debts recognised in respect of dues from related parties	**4.53**	**–**	**52.19**
	(–1.16)	–	(0.88)
Balances Outstanding with Related Parties			
a) Trade payables	**496.21**	**225.93**	**31.00**
	(328.27)	(111.37)	(17.91)
b) Trade receivables	**4,931.63**	**88.58**	**2,182.95**
	(4,954.75)	(48.23)	(2,434.82)
c) Loans & advances received	**–**	**–**	**–**
	–	–	–
d) Loans & advances given	**–**	**–**	**2,500.00**
	–	–	(2,700.00)
e) Commitments outstanding	**–**	**–**	**–**
	–	–	–
f) Provision of bad & doubtful debts related to amout due from related parties	**14.41**	**–**	**47.95**
	(10.00)	–	(39.02)

a). Previous year's figures are provided in brackets.

b). All the outstanding balances, whether receivables or payables are unsecured.

c). Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

iii) Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Short-term employee benefits	**166.46**	142.93
Sitting Fee/Commission paid to Independent directors	**13.18**	14.23

i). The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The separate actuarial valuation figures are not available for key managerial personnel.

Note No. 34 – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March 2016 and 1st April 2015:

` in lacs

Particulars	Notes	As at 31st March 2016	As at 1st April 2015
Equity as reported under previous GAAP		**30,375.23**	**26,645.22**
Ind AS: Adjustments increase (decrease):			
Fair value of current investment	(a)	6.49	20.01
Discounting of deposits given	(b)	(4.72)	(4.72)
Discounting of deposits received	(c)	3.43	3.43
Employee future benefits – actuarial gains and losses	(d)	–	–
Unvested ESOP Reserve		175.58	87.18
Effect of fair valuation of ESOP reserve		(175.58)	(87.18)
Unwinding interest income on discounting of deposits given	(b)	41.47	–
Rent expense on discounting of deposits given	(b)	(43.06)	–
Interest expense on discounting of deposits received	(c)	(13.91)	–
Rental income on discounting of deposits received	(c)	13.63	–
Expected Credit loss on trade receivables		–	(110.11)
Deferred income tax		(1.31)	31.63
Equity as reported under IND AS		**30,377.25**	**26,585.46**

(a) As required by the provisions of para 5.1.1 and para 5.2.1 of Ind AS 109 'Financial Instruments', the Company has measured the current investments at fair value through profit or loss.

(b) As required by the provisions of para 4.1 of Ind AS 109 'Financial Instruments', the Company has measured the deposits given at amortised cost and recognises interest revenue and rental expense on unwinding of the deposits.

(c) As required by the provisions of para 4.2.1 of Ind AS 109 'Financial Instruments', the Company has measured the deposits received at amortised cost and recognises interest expense and rental income on unwinding of the deposits.

(d) As required by the provisions of para 120(c) read with 122 and 127 of Ind AS 19 'Employee Benefits", the actuarial gains/losses should be accounted as remeasurements of the net defined benefit liability/(asset). The remeasurements will be recognised in other comprehensive income and shall not be reclassified to profit or loss in subsequent period but may be transferred within equity.

(ii) Reconciliation of Total comprehensive income for the year ended 31st March, 2016

` in lacs

Particulars	Year Ended 31st March 2016
Profit or Loss as per previous GAAP	**3,730.01**
Ind AS: Adjustments increase/(decrease):	
Effect of fair valuation of ESOP reserve	(88.40)
Unwinding Interest income on Discounting of deposits	41.47
Rent Exp on discounting of deposits	(43.06)
Interest exp on discounting of deposits	(13.91)
Rental Income on discounting of deposits	13.63
Fair Value of Current Investment	(13.52)
Expected Credit loss on trade receivables	110.11
Acturial (Gain) /Loss	27.24
Others	(32.93)
Profit or Loss under Ind AS	**3,730.64**
Other comprehensive income	(27.24)
Total comprehensive income under Ind ASs	**3,703.40**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Material adjustments to the Statement of Cash Flows

Particulars	Year ended 31 March 2016		
	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	(5,298.48)	–	(5,298.48)
Net cash flows from investing activities	4,612.98	800.01	3,812.97
Net cash flows from financing activities	(0.69)	(0.05)	(0.64)
Net increase (decrease) in cash and cash equivalents	(1,486.15)	–	(1,486.15)
Cash and cash equivalents at beginning of period	**9,744.68**	**0.67**	**9,744.01**
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	**9058.52**	**800.66**	**8,257.86**

Analysis of cash and cash equivalents as at 31st March 2016 and 1st April 2015 for the purpose of Statement of Cash flows under Ind AS

` in lacs

Particulars	As at 31st March 2016	As at 1st April 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	**9,058.52**	**9,744.68**
Bank Overdrafts which forms integral part of cash management system	–	–
Other adjustments (specify)	(800.67)	(0.67)
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	**8,257.85**	**9,744.01**

Note: Reclassification of fixed deposits based on maturity period.

Note No. 35 – Contingent liabilities and commitments

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Contingent liabilities (to the extent not provided for)			
Claims against the Company not acknowledged as debt			
a) VAT	**759.58**	528.08	528.08
b) Service Tax	**399.53**	379.31	349.01
c) Income Tax	**2,485.11**	2,287.05	1,308.89
d) Other matters	**477.50**	289.41	153.35

Notes:

i) The Company does not expect any reimbursement in respect of the above contingent liability.

ii) It is not practicable to estimate the timings of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of appellate/court proceedings.

Capital Commitments:

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	**140.87**	44.13	42.45

Note 36 – Details of Specified Bank Notes held and transacted during the specified period:

Particulars	Specified Bank Notes	Other denomination notes	Total
a. Closing cash in hand as on 08.11.2016	–	–	–
b. Permitted receipts	–	–	–
c. Permitted payments	–	–	–
d. Amount deposited in Banks	–	–	–
e. Closing cash in hand as on 30.12.2016	–	–	–

Note No. 37 – The year end foreign currency exposures that have not been hedged by a derivative Instrument or forward contracts are given below:

Particulars	Currency	31st March 2017		31st March 2016	
		Value in foreign currency	Value in Rupees (Lakhs)	Value in foreign currency	Value in Rupees (Lakhs)
Trade Receivables	USD	–	–	–	–
Trade Payables	USD	**20,250.00**	**13.22**	50,835.71	33.94

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 ` In Lacs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	2x2 Logistics 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	INR
4.	Share capital	701.00
5.	Reserves & surplus	(70.06)
6.	Total assets	4,170.30
7.	Total Liabilities	3,539.36
8.	Investments	Nil
9.	Turnover	3,777.78
10.	Profit before taxation	(106.32)
11.	Provision for taxation	(32.90)
12.	Profit after taxation	(73.42)
13.	Proposed Dividend	Nil
14.	% of shareholding	55.00%

Sl. No.	Particulars	Details
1.	Name of the subsidiary	LORDS Freight (India) 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	INR
4.	Share capital	236.26
5.	Reserves & surplus	250.88
6.	Total assets	1,669.86
7.	Total Liabilities	1,182.71
8.	Investments	0.63
9.	Turnover	6,677.29
10.	Profit before taxation	120.79
11.	Provision for taxation	(81.91)
12.	Profit after taxation	202.70
13.	Proposed Dividend	Nil
14.	% of shareholding	60.00%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations : N/A
2. 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"

Name of associates/Joint Ventures	Name
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. : N/A
2. Names of associates or joint ventures which have been liquidated or sold during the year. N/A

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2017

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Brijbala Batwal
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 5th (Fifth) Report together with the Standalone Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

	*For the year ended 31st March, 2017	*For the year ended 31st March, 2016
Income		
Revenue from Operations	**3,767.16**	1,590.99
Other Income	**10.62**	8.89
Total Income	**3,777.78**	1,599.88
Expenses		
Cost of Raw Material and Components Consumed	**–**	–
(Increase)/decrease in inventories	**–**	–
Employee Benefit Expenses	**70.40**	17.92
Other Expenses	**2,964.03**	1,363.11
Depreciation and Amortization Expenses	**553.17**	155.87
Finance Cost	**296.50**	72.57
Total Expenses	**3,884.10**	1,609.47
Profit/(Loss) Before Tax	**(106.32)**	(9.58)
Less: Provision for Taxation		
Current Tax	**–**	–
Deferred Tax Expense	**(32.90)**	(2.93)
Profit/(Loss) After Tax	**(73.42)**	(6.65)
Balance of Profit from earlier years	**3.36**	10.01
Balance Carried Forward	**(70.06)**	3.36
Amount carried forward to Reserves	**–**	–
Net worth	**630.94**	404.36

* *The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') audited standalone financial statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.*

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 OF THE COMPANY

During the year under review, your Company has purchased 39 car carrier vehicles to increase the business in automotive logistics services. Your Company has recorded total income of Rs. 3,777.78 Lakhs for the year under review as against total income of Rs. 1,599.88 Lakhs in the previous year. The Net Loss after Tax is Rs. 73.42 Lakhs for the year under review as against Net Loss of Rs. 6.65 Lakhs for the previous year. Higher depreciation burden due to acquisition of car carriers during the year under review as well as in the previous year resulted in loss for the year.

DIVIDEND

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

SHARE CAPITAL

The Authorized Share Capital of your Company stood at Rs. 7,50,00,000 comprising of 75,00,000 equity shares of face value of Rs. 10 each as on 31st March, 2017.

The Paid-up Share Capital of your Company as on 31st March, 2017 stood at Rs. 7,01,00,000 divided into 70,10,000 equity shares of face value Rs. 10 each.

RIGHTS ISSUE

During the year under review, your Company issued and allotted 30,00,000 equity shares of Rs. 10 each, for cash, at

par, aggregating to Rs. 3,00,00,000 to the shareholders of the Company, on a rights basis.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2017.

BOARD OF DIRECTORS

Composition

Presently the Board comprises of the following:

Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent	No. of Board meetings attended
Mr. Nikhil Nayak	05358216	Non Executive	Non Independent	6
Mr. Sushil Rathi	05358211	Non Executive	Non Independent	6
Mr. Nitin Singhal	00255702	Non Executive	Non Independent	6
Mr. Kishan Singhal	00255542	Non Executive	Non Independent	4
Mr. Anant Gupta	06946611	Non Executive	Non Independent	5

Mr. Nitin Singhal (DIN 00255702) retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

There have not been any changes in Directors during the year under review.

Your Company is not required to constitute any mandatory Committees of the Board.

NUMBER OF BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board met six times during the year under review, i.e. on 26th April, 2016, 29th July, 2016, 19th September, 2016, 27th October, 2016, 3rd February, 2017 and 2nd March, 2017. The gap between two consecutive meetings did not exceed 120 days. The fourth Annual General Meeting of the Company was held on 29th July, 2016.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on 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 along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 Loss of the company for that period;

(c) 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;

(d) The Directors, had laid down internal financial controls with reference to financial statement and that such internal financial controls are adequate and were operating effectively;

(e) The Directors had prepared the annual accounts on a going concern basis; and

(f) 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.

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 Second Annual General Meeting of the Company, held on 25th July, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Second Annual General Meeting till the conclusion of Seventh Annual General Meeting of the Company.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) have given a written consent to act as Statutory Auditors of your Company, if appointment is ratified, and have also confirmed that the said ratification 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 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.

The provisions relating to Secretarial Audit, Internal Audit & Cost Audit are not applicable to your Company.

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, under Section 143(12) of the Companies Act 2013, details of which are required 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 forms 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 an unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of Chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of 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 holding company Mahindra & Mahindra Limited

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made, guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on 31st March, 2017 in form MGT-9 is annexed as **Annexure III** and forms part of this report.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

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 DISCLOSURES

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of sweat equity shares.
- The Company neither has a Managing Director nor a Whole Time Director.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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

Nikhil Nayak	**Sushil Rathi**	**Nitin Singhal**
Chairman	Director	Director

Mumbai, 28th April, 2017

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 31ST MARCH, 2017.

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: Nil

(iii) The capital investment on energy conservation equipment: 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) – Nil

(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)

There were no Foreign Exchange earnings and outgo during the year under review.

For and on behalf of the Board

Nikhil Nayak	**Sushil Rathi**	**Nitin Singhal**
Chairman	Director	Director

Mumbai, 28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC -2

(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.)

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 on an Arm's length basis - **NIL**

2. Details of material contracts or arrangements or transactions on an Arm's length basis.

Sr. No.	Particulars	Details-1	Details-2	Details-3
a)	Name (s) of the related party & nature of relationship	Mahindra Logistics Limited – Holding Company	Indian Vehicle Carriers Private Limited - Private Company in which Directors of the Company are Members	Mahindra & Mahindra Limited- Ultimate Holding Company
b)	Nature of contracts/ arrangements/transactions	Transportation Agreement	Transportation Agreement	Purchase of Vehicles
c)	Duration of the contracts/ arrangements/transaction	01st December, 2014 to 31st March, 2017	On going	1st April, 2016 to 31st March, 2017
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transportation services at an agreed rate from time to time. Rs. 2497.19 Lakhs	Transportation services at an agreed rate from time to time. Rs. 571.02 Lakhs	Delivery against Payment - Rs. 363.56 Lakhs
e)	Date of approval by the Board	N.A	N.A	N.A
f)	Amount paid as advances, if any	Nil	Nil	Nil

Note: Contracts/transactions/arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Nikhil Nayak	**Sushil Rathi**	**Nitin Singhal**
Chairman	Director	Director

Mumbai, 28th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return As on the financial year ended on 31st March, 2017

[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**	U63000MH2012PTC237062
2.	**Registration Date**	22nd October, 2012
3.	**Name of the Company**	2 X 2 Logistics Private Limited
4.	**Category/Sub-Category of the Company**	Limited by shares/Indian Non Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Dr. G M Bhosale marg, Worli, Mumbai – 400 018. Tel : 022-24905976 Email:batwal.brijbala@mahindra.com
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	NA

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	% to total turnover of the Company
1.	Transportation Services	49231	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company (through Mahindra Logistics Limited)	55%	2(46)
2.	Mahindra Logistics Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400 018	U63000MH2007PLC173466	Holding Company	55%	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 (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st march, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	40,10,000	40,10,000	100%	–	70,10,000	70,10,000	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st march, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1)	**–**	**40,10,000**	**40,10,000**	**100%**	**–**	**70,10,000**	**70,10,000**	**100%**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–					
Total Shareholding of Promoters (1+2)	**–**	**40,10,000**	**40,10,000**	**100%**	**–**	**70,10,000**	**70,10,000**	**100%**	**–**
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–				–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
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									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDR's and ADR's									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**40,10,000**	**40,10,000**	**100%**		**70,10,000**	**70,10,000**	**100%**	**–**

ii. Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st march, 2017)			% 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 Logistics Limited	22,05,499	55%	–	38,55,499	55%	–	–
2.	Mr. K Chandrasekar (Nominee of Mahindra Logistics Limited)*	1	–	–	1	–	–	–
3.	Indian Vehical Carriers Private Limited	18,04,500	45%	–	31,54,500	45%	–	–

* The shares are held by Mahindra Logistics Limited, jointly with nominee, to comply with the statutory provisions of the Companies Act, 2013, with regards to minimum number of members.

iii. Change in Promoters' Shareholding:

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 1st April, 2016)		Increase/Decrease in the number of shares	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 Logistics Limited – At the beginning of the year	22,05,500	55%	–	–	–
	Increase - 10th May, 2016 -pursuant to Allotment of Shares	–	–	16,50,000	38,55,500	55%
	At the end of the year	–	–	–	**38,55,500**	**55%**
2.	Indian Vehicle Carriers Private Limited	18,04,500	45%	–	–	–
	Increase - 10th May, 2016 -pursuant to Allotment of Shares			13,50,000	31,54,500	45%
	At the end of the year	–	–	–	**31,54,500**	**45%**

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year			Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Increase/Decrease in the number of shares	No. of shares	% of total shares of the Company

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	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

VI. 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
Indebtedness at the beginning of the financial year 01.04.2016				
1) Principal Amount	2,468.20	NIL	–	2,468.20
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**2,468.20**	**–**	**–**	**2,468.20**
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	674.00	440.14	–	1,114.14
– Reduction	533.41	–	–	533.41
Net Change	**140.59**	**440.14**	**–**	**580.73**
Indebtedness at the end of the financial year 31.03.2017	–	–	–	–
1) Principal Amount	2,608.79	440.14	–	3,048.93
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**2,608.79**	**440.14**	**–**	**3,048.93**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

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	–	–	–
	(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			
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration of other directors:

I. Independent Directors :- Not Applicable

Particulars of Remuneration	Name of Directors					Total Amount
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors :- Nil

Other Non-Executive Directors						Total Amount
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–

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

(Rs. In Lakhs)

Sr. No	Particulars of Remuneration	Company Secretary	Total Amount
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	–	–
	Others		
	Professional Fees	1.25	1.25
6.	Performance Bonus	–	–
	Total (C)	**1.25**	**1.25**

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Nikhil Nayak Chairman | **Sushil Rathi** Director | **Nitin Singhal** Director

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **2 X 2 LOGISTICS PRIVATE LIMITED**

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **2 X 2 Logistics Private Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April, 2015 included in these Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated 26th April, 2016, as adjusted for the differences in accounting principles while the adoption of Ind AS financial statements and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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 did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

iv. According to the information and explanations given to us and as indicated in Note 30 to the financial statements, management has represented that the Cash Balance as on 08.11.2016 in denomination of Specified bank Notes was utilised for permissible Cash payment which is disclosed as per the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

H.P. Mahajani
Partner
Membership Number: 030168

Mumbai, 28th April, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 10 of our report of even date on the Ind AS financial statements of 2 X 2 Logistics Private Limited for the year ended 31st March, 2017.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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, if any were not material and have been properly dealt with in the books of accounts.

(c) The Company does not own any immovable properties. Therefore, the provisions of Clause 3(i) (c) of the said Order are not applicable to the Company.

II. The Company is in the business of transportation 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.

III. 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.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

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. 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) 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.

VIII. The Company has not defaulted in repayment of loans taken from banks and financial institution. According to the information and explanations given to us, the Company has taken loans or borrowings from a financial institution and it has not issued any debentures.

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 during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

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, we have neither come across any instance of material 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 any 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 not 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. 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
Membership Number: 030168

Mumbai, 28th April, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALIONE IND AS FINANCIAL STATEMENTS OF 2 X 2 LOGISTICS 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 2 X 2 Logistics Private Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for 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.

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, 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 31st March, 2017, 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
Mumbai, 28th April, 2017 Membership Number: 030168

BALANCE SHEET AS AT 31ST MARCH, 2017

All amounts are Rs. in Lakhs unless otherwise stated

		Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I	**ASSETS**				
1	**NON-CURRENT ASSETS**				
(a)	Property, Plant and Equipment	3	**2,866.95**	2,330.76	54.40
(b)	Capital Work-in-Progress		**–**	241.34	–
(c)	Other Intangible Assets	4	**–**	0.17	0.34
(d)	Financial Assets				
(i)	Trade receivables	5	**–**	–	–
(ii)	Other Financial Assets	6	**–**	–	–
(e)	Deferred Tax Assets (Net)	8	**34.24**	1.34	–
(f)	Other Assets	9	**–**	72.10	19.12
	SUB-TOTAL		**2,901.19**	2,645.71	73.86
2	**CURRENT ASSETS**				
(a)	Financial Assets				
(i)	Trade Receivables	5	**351.43**	132.25	54.34
(ii)	Cash and Cash Equivalents	10	**27.51**	61.18	361.45
(iii)	Other Financial Assets	6	**206.85**	–	1.38
(b)	Current Tax Assets (Net)		**52.98**	30.31	–
(c)	Other Assets	9	**630.34**	131.81	–
	SUB-TOTAL		**1,269.11**	355.54	417.17
	TOTAL ASSETS		**4,170.30**	3,001.25	491.03
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
(a)	Equity Share Capital	11(a)	**701.00**	401.00	401.00
(b)	Other Equity	11(b)	**(70.06)**	3.36	10.01
	SUB-TOTAL		**630.94**	404.36	411.01
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
(a)	Financial Liabilities				
(i)	Borrowings	12	**1,977.36**	2,010.88	10.84
(b)	Provisions	16	**2.45**	–	–
(c)	Deferred Tax Liabilities (Net)		**–**	–	1.59
	SUB-TOTAL		**1,979.81**	2,010.88	12.43
3	**CURRENT LIABILITIES**				
(a)	Financial Liabilities				
(i)	Borrowings	13	**440.14**	–	–
(ii)	Trade Payables	14	**477.46**	121.47	61.83
(iii)	Other Financial Liabilities	15	**635.88**	461.09	5.63
(b)	Provisions	16	**0.15**	–	–
(c)	Current Tax Liabilities (Net)		**–**	–	0.12
(d)	Other Current Liabilities	17	**5.91**	3.45	0.01
	SUB-TOTAL		**1,559.55**	586.01	67.59
	TOTAL EQUITY AND LIABILITIES		**4,170.30**	3,001.25	491.03

The accompayning notes 1 to 30 are integral part of these financial statement.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

For and on behalf of
2 X 2 Logistics Private Limited

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Brijbala Batwal**
Chairman	Director	Director	Company Secretary

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are Rs. in Lakhs unless otherwise stated

	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
	Continuing Operations			
I	Revenue from operations	**18**	**3,767.16**	1,590.99
II	Other Income	**19**	**10.62**	8.89
III	**Total Revenue (I + II)**		**3,777.78**	1,599.88
IV	**EXPENSES**			
	(a) Employee benefit expense	**20**	**70.40**	17.92
	(b) Finance costs	**22**	**296.50**	72.57
	(c) Depreciation and amortisation expense	**3&4**	**553.17**	155.87
	(d) Other expenses	**21**	**2,964.03**	1,363.11
	Total Expenses		**3,884.10**	1,609.47
V	**Profit/(loss) before tax (III - IV)**		**(106.32)**	(9.58)
VI	**Tax Expense**			
	(1) Current tax	**7**	**–**	–
	(2) Deferred tax	**7**	**(32.90)**	(2.93)
	Total tax expense		**(32.90)**	**(2.93)**
VII	**Profit/(loss) for the period (V - VI)**		**(73.42)**	(6.65)
VIII	**Other comprehensive income**			
	A Items that will not be recycled to profit or loss		**–**	–
	Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B Items that may be reclassified to profit or loss		**–**	–
	Income tax on items that may be reclassified to profit or loss		**–**	–
IX	**Total comprehensive income for the period (VII + VIII)**		**(73.42)**	(6.65)
X	**Earnings per equity share:**			
	(1) Basic	**23**	**(1.05)**	(0.17)
	(2) Diluted	**23**	**(1.05)**	(0.17)

The accompayning notes 1 to 30 are integral part of these financial statement.

"As per our Report of Even Date"

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For and on behalf of
2 X 2 Logistics Private Limited

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Brijbala Batwal**
Chairman	Director	Director	Company Secretary

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are Rs. in Lakhs unless otherwise stated

(a) Equity Share Capital

Particulars	Number of Shares	Equity share capital
As at 1st April, 2015	40,10,000	401.00
Changes in equity share capital during the year	–	–
As at 31st March, 2016	40,10,000	401.00
Changes in equity share capital during the year (Right Issue)	30,00,000	300.00
As at 31st March, 2017	**70,10,000**	**701.00**

(b) Other Equity

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance at the beginning of the reporting period as on 1st April, 2015	–	10.01	10.01
Total Comprehensive income for the year			
Transfer to retained earnings	–	–	–
Profit/(Loss) for the period	–	(6.65)	(6.65)
Balance at the end of the reporting period as on 31st March, 2016	–	3.36	3.36
Total Comprehensive income for the year			
Transfer to retained earnings	–	–	–
Profit/(Loss) for the period	–	(73.42)	(73.42)
Balance at the end of the reporting period as on 31st March, 2017	**–**	**(70.06)**	**(70.06)**

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

For and on behalf of
2 X 2 Logistics Private Limited

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Brijbala Batwal**
Chairman	Director	Director	Company Secretary

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

All amounts are Rs. in Lakhs unless otherwise stated

Particulars		Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**(106.32)**	(9.58)
	Adjustments for:		
	Loss on disposal of Property, Plant & Equipment	**0.19**	–
	Finance costs recognised in profit or loss	**296.50**	72.57
	Interest income recognised in profit or loss	**(1.39)**	(8.13)
	Depreciation and amortisation of non-current assets	**553.17**	155.87
		742.15	210.73
	Movements in working capital:		
	(Increase)/Decrease in trade and other Current assets	**(924.56)**	(208.34)
	Increase/(Decrease) in trade and other liablities	**361.72**	63.60
	Cash generated from operations	**179.31**	65.99
	Income taxes paid	**(22.67)**	(30.44)
	Net cash generated by operating activities	**156.65**	35.55
B.	**Cash flows from investing activities**		
	Interest received	**1.39**	8.13
	Payments for property, plant and equipment	**(775.94)**	(2,726.37)
	Net cash (used in)/generated by investing activities	**(774.55)**	(2,718.24)
C.	**Cash flows from financing activities**		
	Proceeds from issue of equity instruments of the Company	**300.00**	–
	Proceeds from borrowings	**1,114.14**	2,573.07
	Repayment of borrowings	**(533.41)**	(118.07)
	Interest paid	**(296.50)**	(72.57)
	Net cash from financing activities	**584.23**	2,382.43
	Net increase in cash and cash equivalents (A+B+C)	**(33.67)**	(300.26)
	Cash and cash equivalents at the beginning of the year	**61.18**	361.44
	Cash and cash equivalents at the end of the year	**27.51**	61.18

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in IND AS 7.

2 Figures in bracket indicates cash outgo.

3 Additions to property, plant and equipment and inangible assets includes movements in capital work-in-progress and intangible assets under development respectively during the year.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

For and on behalf of
2 X 2 Logistics Private Limited

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak	**Nitin Singhal**	**Sushil Rathi**	**Brijbala Batwal**
Chairman	Director	Director	Company Secretary

Place : Mumbai
Date : 28th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Notes to Accounts – Part A

Corporate Information

2 X 2 Logistics Private Limited is a deemed public limited company incorporated on 22nd October, 2012 under the Companies Act, 1956. The Company is engaged in providing logistics services to its Customers. The financial statements for the year ended 31st March, 2017 were approved for issue in accordance with a resolution of the directors on 28th April, 2017.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer Note 1.17 for the details of first-time adoption exemptions availed by the Company.

1.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

Assets and Liabilities are classified as Current or Non Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are prepared in Indian Rupee(INR) and denominated in lakhs.

The principal accounting policies are set out below.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

1.3.1 Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. 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.

1.3.2 Dividend and interest income

Dividend income from investments is recognised when the 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 recognised 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.

1.4 Leasing

The Company's significant operating leasing arrangements are in respect of office premises and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

1.5 Borrowing costs

Borrowing Cost 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 revenue in the year of incurrence.

1.6 Employee benefits

1.6.1 Retirement benefit costs and termination benefits

Defined Contribution Plan:

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

Defined Benefits:

For defined 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 annual 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 net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and
- remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet 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 recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.6.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.7.2 Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 liabilities and assets 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.

1.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.8 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except for following assets in order to reflect the actual usage of the assets:

- Horse portion of a Vehicle is depreciated over five years based on the management experience of handling similar kind of asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.9 Intangible assets

1.9.1 Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

1.9.2 Useful lives of intangible assets

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

1.10 Impairment of tangible and intangible assets other than goodwill

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an

impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if 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 depreciated historical cost.

1.11 Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised 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.

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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The amount recognised 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 when the effect of the time value of money is material.

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.

A contingent asset is disclosed where an inflow of economic benefits is probable.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when a company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

1.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 1.13.3.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

1.13.2 Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

1.13.3 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

1.13.4 Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.14 Financial liabilities and equity instruments

1.14.1 Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.14.2 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 a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1.14.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

1.14.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

1.14.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been 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 the Group 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 recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, 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;
- the financial liability forms part of a group 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 Group'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 Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

1.14.4.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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 that form an integral part of the effective interest rate, 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.

1.15 Segment Accounting

The Company has single reportable segment "Supply chain management" for the purpose of Segment reporting.

1.16 Earnings Per Share

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

1.17 First-time adoption – mandatory exceptions, optional exemptions

1.17.1 Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

1.17.2 Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, and Intangible Assets recognised as of 1st April, 2015 (transition date) as deemed cost.

1.17.3 Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

1.17.4 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 determining whether an arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

1.17.5 Impairment of financial assets

The entity has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the entity has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions 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.

2.1.1 Useful lives of Property, plant and equipment

As described in note 2 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

2.1.2 Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3. Property, Plant and Equipment

As on 31st March, 2017

All amounts are Rs. in Lakhs unless otherwise stated

Description of Assets	Plant and Machinery	Office Equipment	Furniture and Fittings	Vehicles	Total
A. Gross Carrying Amount					
a) Balance as at 1st April, 2016	0.10	0.53	0.81	2,487.41	**2,488.85**
b) Additions	0.08	2.74	1.64	1,084.92	**1,089.38**
c) Disposals	–	–	0.21	–	**0.21**
Balance as at 31st March, 2017	**0.18**	**3.27**	**2.24**	**3,572.33**	**3,578.02**
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2016	0.03	0.06	0.03	157.97	**158.09**
b) Depreciation expense for the year	0.07	0.63	0.17	552.13	**553.00**
c) Eliminated on disposal of assets	–	–	0.02	–	**0.02**
Balance as at 31st March, 2017	**0.10**	**0.69**	**0.18**	**710.10**	**711.07**
C. Net carrying amount (A-B)	**0.08**	**2.58**	**2.06**	**2,862.23**	**2,866.95**

All amounts are Rs. in Lakhs unless otherwise stated

Description of Assets	Plant and Machinery	Office Equipment	Furniture and Fittings	Vehicles	Total
A. Gross Carrying Amount					
a) Balance as at 1st April, 2015	–	–	–	56.79	56.79
b) Additions	0.10	0.53	0.81	2,430.62	2,432.06
c) Disposals	–	–	–	–	–
Balance as at 31st March, 2016	0.10	0.53	0.81	2,487.41	2,488.85
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2015	–	–	–	2.39	2.39
b) Depreciation expense for the year	0.03	0.06	0.03	155.58	155.70
c) Eliminated on disposal of assets	–	–	–	–	–
Balance as at 31st March, 2016	0.03	0.06	0.03	157.97	158.09
C. Net carrying amount (A-B)	0.07	0.47	0.78	2,329.44	2,330.76

Notes:

i) There is no significant amount of compensation received from third parties recognised in profit or loss related to tangible assets.

ii) Vehicles with the carrying amount of Rs. 2,833.09 lakhs (31st March, 2016 - Rs. 2,294.14 lakhs) have been pledged to secure borrowings of the Company. For details refer note no. 12 on borrowing.

iii) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 1.8.

iv) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2017 is Nil. (as on 31st March, 16 is 70 lakhs).

4. Other Intangible Assets

Description of Assets	Computer Software	Total
A. Gross Carrying Amount		
a) Balance as at 1st April, 2016	0.51	0.51
b) Additions	–	–
c) Disposals	–	–
Balance as at 31st March, 2017	**0.51**	**0.51**
B. Accumulated Amortisation and impairment		
a) Balance as at 1st April, 2016	0.34	0.34
b) Amortisation expense for the year	0.17	0.17
c) Eliminated on disposal of assets	–	–
Balance as at 31st March, 2017	**0.51**	**0.51**
C. Net carrying amount (A-B)	**–**	**–**

Description of Assets	Computer Software	Total
Intangible Assets		
A. Gross Carrying Amount		
a) Balance as at 1st April, 2015	0.51	0.51
b) Additions	–	–
c) Disposals	–	–
Balance as at 31st March, 2016	0.51	0.51
B. Accumulated, Amortisation and impairment		
a) Balance as at 1st April, 2015	0.17	0.17
b) Amortisation expense for the year	0.17	0.17
c) Eliminated on disposal of assets	–	–
Balance as at 31st March, 2016	0.34	0.34
C. Net carrying amount (A-B)	0.17	0.17

Notes:

i) There is no significant intangible asset that is material to the Company's financial statements on individual basis.

ii) The intangible assets mentioned above have finite useful lives as mentioned in note 1.9.2.

iii) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2017 is Rs. Nil (31st March, 2016 - Nil)

5. Trade receivables

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non Current
Trade receivables						
a) Secured, considered good	**–**	**–**	–	–	–	–
b) Unsecured, considered good	**351.43**	**–**	132.25	–	54.34	–
c) Unsecured, considered doubtful	**–**	**–**	–	–	–	–
	351.43	**–**	132.25	–	54.34	–
d) Less: Allowance for Credit Losses	**–**	**–**	–	–	–	–
Total	**351.43**	**–**	132.25	–	54.34	–
Of the above, trade receivables from:						
a) Related Parties	**320.27**	**–**	107.40	–	53.61	–
b) Others	**31.16**	**–**	24.85	–	0.73	–
Total	**351.43**	**–**	132.25	–	54.34	–

Notes:

i) Refer Note 24 for disclosures related to credit risk and impairment of trade receivables.

ii) Trade Receivables are subject to confirmation and Reconciliations.

All amounts are Rs. in Lakhs unless otherwise stated

6. Other financial assets

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
A. Financial assets at amortised cost						
a) Security Deposit	**0.64**	**–**	–	–	–	–
b) Accrued Sales	**200.03**	**–**	–	–	–	–
c) Other items						
i. Interest Accrued	**–**	**–**	–	–	1.38	–
ii. Recoverables	**6.18**	**–**	–	–	–	–
Total	**206.85**	**–**	–	–	1.38	–
B. Financial assets at fair value	**–**	**–**	–	–	–	–
Total	**–**	**–**	–	–	–	–
C. Other Financial assets carried as FVTOCI	**–**	**–**	–	–	–	–
Total	**–**	**–**	–	–	–	–
TOTAL (A+B+C)	**206.85**	**–**	–	–	1.38	–

Notes:

i) Refer Note 24 for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

7. Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
A. Current Tax:		
a) In respect of current year	**–**	–
b) In respect of prior years	**–**	–
c) Unrecognised tax loss used to reduce current tax expense	**–**	–
Total	**–**	–
B. Deferred Tax:		
a) In respect of current year origination and reversal of temporary differences	**(32.90)**	(2.93)
b) Adjustments due to changes in tax rates	**–**	–
Total	**(32.90)**	(2.93)
Total (A+B)	**(32.90)**	(2.93)

8. Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Particulars	For the Year ended 31st March, 2017 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities				
a) Property, Plant and Equipment WDV	**116.14**	**110.97**	**–**	**227.11**
Total	**116.14**	**110.97**	**–**	**227.11**
B. Tax effect of items constituting deferred tax assets				
a) Income tax Loss	**117.21**	**143.07**	**–**	**260.28**
b) MAT Credit	**0.27**	**–**	**–**	**0.27**
c) Gratuity/Leave Encashment	**–**	**0.80**	**–**	**0.80**
Total	**117.48**	**143.87**	**–**	**261.35**
Net Tax Asset/(Liabilities) (A-B)	**(1.34)**	**(32.90)**	**–**	**(34.24)**

Particulars	For the Year ended 31st March, 2016 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities				
a) Property, Plant and Equipment	1.86	114.28	–	116.14
Total	1.86	114.28	–	116.14
B. Tax effect of items constituting deferred tax assets				
a) Income tax Loss	–	117.21	–	117.21
b) MAT Credit	0.27	–	–	0.27
Total	0.27	117.21	–	117.48
Net Tax Asset/(Liabilities) (A-B)	1.59	(2.93)	–	(1.34)

Note: Company has added the vehicles during the Financial year F16 and F17 due to that there is heavy depreciation and as a result there is a loss as per provisions of the Income tax Act. The management has estimated that there will be future taxable profits and hence the Company has recognised the deferred tax asset of Rs. 117.21 lakhs on Income tax losses .

9. Other assets

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current	As at 1st April, 2015 Current	As at 1st April, 2015 Non-Current
A. Capital advances						
a) For Capital work in progress	–	–	–	72.10	–	19.12
Total (A)	–	–	–	72.10	–	19.12
B. Advances other than capital advances						
a) Advances to suppliers - considered good	**20.72**	–	13.01	–	–	–
b) Prepaid Expenses	**49.78**	–	1.12	–	–	–
c) Other advances	**555.93**	–	113.35	–	–	–
Total (B)	**626.43**	–	127.48	–	–	–
C. Consumables Tyres	**3.91**	–	4.33	–	–	–
TOTAL (A+B+C)	**630.34**	–	131.81	72.10	–	19.12

All amounts are Rs. in Lakhs unless otherwise stated

10. Cash and Cash Equivalents

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Cash and cash equivalents			
Balances with banks	**7.66**	55.27	21.45
Cheques, drafts on hand	**–**	–	–
Cash on hand	**19.85**	5.91	–
Bank deposits with maturity of less than 3 months	**–**	–	340.00
Total	**27.51**	61.18	361.45
B. Other Bank Balances			
Earmarked balances with banks	**–**	–	–
Balances with Banks-			
Fixed Deposits with maturity greater than 3 months	**–**	–	–
Total	**–**	–	–

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) Total Cash and Cash Equivalents as per Balance Sheet	**27.51**	61.18	361.45
Add: Cash and bank balances included in a disposal group held for sale	**–**	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**27.51**	61.18	361.45

11(a). Equity Share Capital

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	No. of shares	No. of shares	No. of shares
A. Authorised:			
a) Equity shares of Rs. 10 each with voting rights	**75,00,000**	75,00,000	75,00,000
B. Issued, Subscribed and Fully Paid:			
a) Equity shares of Rs. 10 each with voting rights	**70,10,000**	40,10,000	40,10,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Right Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
A. Equity Shares with Voting rights						
a) Year Ended 31st March, 2017						
No. of Shares	**40,10,000**	**30,00,000**	**–**	**–**	**–**	**70,10,000**
Amount	**401.00**	**300.00**	**–**	**–**	**–**	**701.00**
b) Year Ended 31st March 2016						
No. of Shares	40,10,000	–	–	–	–	40,10,000
Amount	401.00	–	–	–	–	401.00
c) Year Ended 1st April 2015						
No. of Shares	40,10,000	–	–	–	–	40,10,000
Amount	401.00	–	–	–	–	401.00

Notes:

i) Rights, preferences and restrictions 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. The dividend (if any) 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.

ii) During the year ended 31.03.2017, the company has issued the right issue of 30,00,000 equity shares of Rs. 10 each on right issue basis proportionately to existing shareholders.

(iii) Shares held by Holding Company/Fellow Subsidiaries:

Name of shareholder	Shares Held by	As at 31st March, 2017 Number of shares held	As at 31st March, 2016 Number of shares held	As at 1st April, 2015 Number of shares held
A. Equity shares with voting rights				
a) Mahindra Logistics Limited	Holding Company	**38,55,500**	22,05,500	22,05,500

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares	As at 31st March, 2016 Number of shares held	As at 31st March, 2016 % holding in that class of shares	As at 1st April, 2015 Number of shares held	As at 1st April, 2015 % holding in that class of shares
A. Equity shares with voting rights						
a) Mahindra Logistics Limited	**38,55,500**	**55.00%**	22,05,500	55.00%	22,05,500	55.00%
b) Indian Vehicle Carriers Private Limited	**31,54,500**	**45.00%**	18,04,500	45.00%	18,04,500	45.00%

11(b). Other equity

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retained Earnings			
Balance as at the beginning of the year	**3.36**	10.01	0.70
Add: Transfer from Surplus in Statement of Profit and Loss	**(73.42)**	(6.65)	9.31

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Less: Transfer to Surplus in Statement of Profit and Loss	–	–	–
Balance as at the end of the year	**(70.06)**	3.36	10.01

Note :- Retained earnings:

Retained earnings represents the surplus during the year to be retained in business and not for appropriation.

12. Non-Current Borrowings

Particulars	Rate of Interest	Maturity	As at 31st March, 2017 Amount	As at 31st March, 2016 Amount	As at 1st April, 2015 Amount
Measured at amortised cost					
A. Secured Borrowings:					
(a) Bonds/Debentures			–	–	–
(b) Term Loans					
(1) From Banks	9.50%	57 Months	**373.98**	494.34	–
(2) From Related Party	9.5% TO 9.8%	57 Months	**1,603.38**	1,516.54	10.84
Total Secured Borrowings			**1,977.36**	2,010.88	10.84
B. Unsecured Borrowings - at amortised Cost					
(a) Other Loans			–	–	–
Total Unsecured Borrowings			–	–	–
Total Borrowings (A+B)			**1,977.36**	2,010.88	10.84

Note: i) Vehicle loan has been taken at the rate of interest ranging from 9.5% p.a to 9.8% p.a.

ii) The Loan has been secured by way of hypothecation of the related vehicle and to be paid in 57 equal monthly instalments.

13. Current Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings	**–**	–	–
Total Secured Borrowings	**–**	–	–
B. Unsecured Borrowings			
from Banks	**440.14**	–	–
Total Unsecured Borrowings	**440.14**	–	–
Total Current Borrowings (A+B)	**440.14**	–	–

Note:

1. Unsecured loan from banks is in the nature of Bank Overdraft facility for FY 16-17
2. Interest rate : 8.45%. P.a.
3. Total sanctioned limit is Rs. 500 lacs. Carrying amount as on 31.03.17 Rs. 440.14 lacs

All amounts are Rs. in Lakhs unless otherwise stated

14. Trade Payables

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	**Non Current**	Current	Non Current	Current	Non Current
a) Trade payable - Other than micro and small enterprises	**477.46**	–	121.47	–	61.83	–
b) Trade Payable- Micro and small enterprises	–	–	–	–	–	–
Total.....	**477.46**	–	121.47	–	61.83	–

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

ii) Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006 as on 31st March, 2017.

15. Other Financial Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Other Financial Liabilities Measured at Amortised Cost			
Current			
i. Current maturities of long-term debt			
From Banks	**120.36**	108.72	–
From Related Party	**511.07**	348.60	2.37
ii. Other liabilities			
- Employee Dues	**4.45**	3.77	0.59
- Others	–	–	2.67
Total.....	**635.88**	461.09	5.63
B. Other Financial Liabilities Measured at Fair value	–	–	–
Total (A+B)	**635.88**	461.09	5.63

16. Provisions

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Provision for employee benefits						
a) Post- employment Benefit	**0.15**	**2.45**	–	–	–	–
Total.....	**0.15**	**2.45**	–	–	–	–

Note : Provisions above are related to Gratuity and Leave encashment.

17. Other Current Liabilities

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Statutory dues						
a) Taxes payable	**2.45**	–	2.21	–	0.01	–
b) Employee Liabilities	**3.46**	–	1.24	–	–	–
TOTAL	**5.91**	–	3.45	–	0.01	–

All amounts are Rs. in Lakhs unless otherwise stated

18. Revenue from Operations

Particulars	As at 31st March, 2017	As at 31st March, 2016
Revenue from rendering of services	**3,767.16**	1,590.99
Total	**3,767.16**	1,590.99

19. Other Income

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Interest Income	**1.39**	8.13
b) Miscellaneous Income		
Others	**9.22**	0.76
Total	**10.62**	8.89

20. Employee Benefits Expense

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Salaries and wages, including bonus	**63.11**	16.11
b) Contribution to provident and other funds	**4.58**	1.51
c) Gratuity	**1.16**	–
d) Staff welfare expenses	**1.55**	0.30
Total Employee Benefit Expense	**70.40**	17.92

Notes:

i) Salaries and wages would include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

21. Other Expenses

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Fuel Expenses	**1,269.08**	278.25
b) Vehicle running Expenses	**979.49**	315.58
c) Freight Expense	**247.15**	651.09
d) Labour and other related exps	**228.00**	54.84
e) Repairs and maintenance - Machinery	**159.46**	32.48
g) Legal and other professional costs	**28.07**	13.68
h) Insurance	**20.31**	0.20
i) Rent including lease rentals	**14.10**	5.05
j) Travelling and Conveyance Expenses	**8.05**	1.84
k) Miscellaneous Expenses	**9.63**	9.41
l) Auditors remuneration and out-of-pocket expenses		
i) As Auditors	**0.40**	0.40
ii) For Taxation matters	**0.23**	0.23
iii) For Other services	**0.06**	0.06
Total Other Expenses	**2,964.03**	1,363.11

22. Finance Cost

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Interest expense on Term Loan	**278.62**	72.57
b) Interest expense on Bank Overdraft	**17.88**	–
Total	**296.50**	72.57

Notes:

i) Analysis of Interest Expenses by Category

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest Expenses		
a) On Financial Liability at Amortised Cost	**296.50**	72.57
b) On Financial Liabilities at FVTPL	**–**	–
Total	**296.50**	72.57

23. Earnings per Equity Share

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Per Share	Per Share
A. Basic Earnings per share	**(1.05)**	(0.17)
Total basic earnings per share	**(1.05)**	(0.17)
B. Diluted Earnings per share	**(1.05)**	(0.17)
Total diluted earnings per share	**(1.05)**	(0.17)

Notes:

i) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a) Profit/(loss) for the year attributable to owners of the Company	**(73.42)**	(6.65)
b) Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(73.42)**	**(6.65)**
Weighted average number of equity shares	**70.10**	40.10
Earnings per share from continuing operations - Basic	**(1.05)**	(0.17)

ii) Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a) Profit/(loss) for the year used in the calculation of basic earnings per share	**(73.42)**	(6.65)
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**(73.42)**	**(6.65)**

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a) Weighted average number of equity shares used in the calculation of Basic EPS	**70.10**	40.10
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**70.10**	40.10

24. Financial Instruments

i) Capital management Policy

a) 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.

b) For the purpose of company's capital management, capital includes issued share capital, equity and all other equity reserves. The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. 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.

c) The following table shows the components of capital:

Particulars	31-03-2017	31-03-2016	01-04-2015
Equity	**630.94**	404.36	411.01
Capital	**630.94**	404.36	411.01

The Company is not subject to externally enforced capital regulation.

ii) Categories of financial assets and financial liabilities

All amounts are Rs. in Lakhs unless otherwise stated

As at 31st March, 2017

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Investments	**–**	**–**	**–**	–
b) Trade Receivables	**351.43**	**–**	**–**	**351.43**
c) Cash and Bank Balances	**27.51**	**–**	**–**	**27.51**
d) Other Financial Assets				
- Non Derivative Financial Assets	**206.85**	**–**	**–**	**206.85**
Total	**585.78**	**–**	**–**	**585.78**
B. Non-current Liabilities				
a) Other Financial Liabilities				
- Non Derivative Financial Liabilities	**1,977.36**	**–**	**–**	**1,977.36**
Total	**1,977.36**	**–**	**–**	**1,977.36**
C. Current Liabilities				
a) Trade Payables	**477.46**	**–**	**–**	**477.46**
b) Current Maturities of long term Debt	**631.43**	**–**	**–**	**631.43**
c) Short Term Borrowing	**440.14**	**–**	**–**	**440.14**
d) Other Financial Liabilities				
- Non Derivative Financial Liabilities	**4.45**	**–**	**–**	**4.45**
Total	**1,553.48**	**–**	**–**	**1,553.48**

As at 31st March, 2016

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Trade Receivables	132.25	–	–	132.25
b) Cash and Bank Balances	61.18	–	–	61.18
c) Other Financial Assets				
- Non Derivative Financial Assets	–	–	–	–
Total	193.43	–	–	193.43
B. Non-current Liabilities				
a) Other Financial Liabilities				
- Non Derivative Financial Liabilities- Long term borrowing	2,010.88	–	–	2,010.88
Total	2,010.88	–	–	2,010.88
C. Current Liabilities				
a) Trade Payables	121.47	–	–	121.47
b) Current Maturities of long term Debt	457.32	–	–	457.32
c) Other Financial Liabilities				
- Non Derivative Financial Liabilities	3.77	–	–	3.77
Total	582.57	–	–	582.57

As at 1st April, 2015

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Investments	–	–	–	–
b) Trade Receivables	54.34	–	–	54.34
c) Cash and Bank Balances	361.45	–	–	361.45
d) Other Financial Assets				
- Non Derivative Financial Assets	1.38	–	–	1.38
Total	417.17	–	–	417.17
B. Non-current Liabilities				
a) Other Financial Liabilities				
- Non Derivative Financial Liabilities- Long term borrowing	10.84	–	–	10.84
Total	10.84			10.84
C. Current Liabilities				
a) Trade Payables	61.83	–	–	61.83
b) Current Maturities of long term Debt	2.37	–	–	2.37
c) Other Financial Liabilities				
- Non Derivative Financial Liabilities	3.26	–	–	3.26
Total	67.46	–	–	67.46

All amounts are Rs. in Lakhs unless otherwise stated

iii) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity 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.

a) Credit risk management

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a small number of customers.

(iii) One of the customer of the Company, which is also a group company accounts for more than 10% of total outstanding exposure. However since such customer is also a group company, the Company does not anticipate any credit risk.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) During the period, the company has not made any write off on trade receivable and advances. These trade receivables and advances are not subject to enforcement activity.

b) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilities

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
As at 31st March, 2017				
a) Trade Payables	**477.46**	–	–	–
b) Long term debt	–	**1,474.58**	**502.78**	–
c) Current maturities of long term debt	**631.43**	–	–	–
d) Employee Dues	**4.45**	–	–	–
e) Short Term Borrowings	**440.14**	–	–	–
Total	**1,553.50**	**1,474.58**	**502.78**	–
As at 31st March, 2016				
a) Trade Payables	121.47	–	–	–
b) Long term debt	–	1,069.56	941.32	–
c) Current maturities of long term debt	457.32	–	–	–
d) Employee Dues	3.77	–	–	–
Total	582.57	1,069.56	941.32	–
As at 1st April, 2015				
a) Trade Payables	61.83	–	–	–
b) Long term debt	–	5.54	5.30	–
c) Current maturities of long term debt	2.37	–	–	–
d) Others	2.67	–	–	–
e) Employee Dues	0.59	–	–	–
Total	67.46	5.54	5.30	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) Unsecured Bank Overdraft facility			
- Expiring within one year	**59.86**	–	–
- Expiring beyond one year	–	–	–

(iii) Maturities of financial assets

Table showing maturity profile of financial assets

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	In Rs. Lakhs	In Rs. Lakhs	In Rs. Lakhs	In Rs. Lakhs
Non-derivative financial assets				
31/03/2017				
Trade Receivables	351.43	–	–	–
Security Deposits	0.64	–	–	–
Others	206.21	–	–	–
Total	558.28	–	–	–
31/03/2016				
Trade Receivables	132.25	–	–	–
Total	132.25	–	–	–
01/04/2015				
Trade Receivables	54.34	–	–	–
Others	1.38	–	–	–
Total	55.72	–	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

c) Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

All amounts are Rs. in Lakhs unless otherwise stated

Interest rate risk

Nature of Liability	Nature of Borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
As at 31st March, 2017	Bank Overdraft	Floating	8.45%	440.14	1.00%	(4.40)	1.00%	4.40
As at 31st March, 2016	–	–	–	–	–	–	–	–
As at 1st April, 2015	–	–	–	–	–	–	–	–

25. Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2017 Carrying amount	31st March, 2017 Fair value	31st March, 2016 Carrying amount	31st March, 2016 Fair value	1st April, 2015 Carrying amount	1st April, 2015 Fair value
A) Financial assets						
a) Financial assets carried at Amortised Cost						
i) Trade and other receivables	**351.43**	**351.43**	132.25	132.25	54.34	54.34
ii) Deposits given	**0.64**	**0.64**	–	–	–	–
iii) Cash and cash equivalents	**27.51**	**27.51**	61.18	61.18	361.45	361.45
iv) Others	**206.21**	**206.21**	–	–	1.38	1.38
Total	**585.79**	**585.79**	193.43	193.43	417.17	417.17
b) Financial liabilities held at amortised cost						
i) Trade and other payables	**477.46**	**477.46**	121.47	121.47	61.83	61.83
ii) Borrowings	**2,608.79**	**2,721.05**	2,468.20	2,468.20	13.21	13.21
iii) Employee Dues	**4.45**	**4.45**	3.77	3.77	0.59	0.59
iv) Short Term Borrowings	**440.14**	**440.14**	–	–	–	–
v) Others	–	–	–	–	2.67	2.67
Total	**3,530.84**	**3,643.10**	2,593.44	2,593.44	78.30	78.30

b) Fair Value Hierarchy

Particulars	Fair value hierarchy as at 31st March, 2017 Level 1	Level 2	Level 3	Total
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Trade and other receivables	–	**351.43**	–	**351.43**
ii) Deposits given	–	**0.64**	–	**0.64**
iii) Cash and cash equivalents	–	**27.51**	–	**27.51**
iv) Others	–	**206.21**	–	**206.21**
Total	–	**585.79**	–	**585.79**
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) Trade and other payables		**477.46**	–	**477.46**
ii) Borrowings		**2,608.79**	–	**2,608.79**
iii) Employee Dues		**4.45**	–	**4.45**
iv) Short Term Borrowings		**440.14**	–	**440.14**
Total	–	**3,530.84**	–	**3,530.84**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Trade and other receivables	–	132.25	–	132.25
ii) Cash and cash equivalents	–	61.18	–	61.18
Total	–	193.43	–	193.43
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) Trade and other payables	–	121.47	–	121.47
ii) Borrowings	–	2,468.20	–	2,468.20
iii) Employee Dues	–	3.77	–	3.77
Total	–	2,593.44	–	2,593.44

Fair value hierarchy as at 31st March, 2015

	Level 1	Level 2	Level 3	Total
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Trade and other receivables	–	54.34	–	54.34
ii) Cash and cash equivalents	–	361.45	–	361.45
iii) Others	–	1.38	–	1.38
Total	–	417.17	–	417.17
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) Trade and other payables	–	61.83	–	61.83
ii) Borrowings	–	13.21	–	13.21
iii) Employee Dues	–	0.59	–	0.59
iv) Others	–	2.67	–	2.67
Total	–	78.30	–	78.30

Note:

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

All amounts are Rs. in Lakhs unless otherwise stated

26. Related Party Transactions

i) List of Related Party

a) Parent Company	**Mahindra Logistics Limited**
b) Other related parties	
1	**Mahindra & Mahindra Limited**
2	**Indian Vehicle Carriers Private Limited**
3	**Mahindra & Mahindra Financial Services Limited**

ii) Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Other related parties
Nature of transactions with Related Parties			
a) Purchase of property and other assets	31st March, 2017	–	363.56
	31st March, 2016	–	691.11
b) Rendering of services	31st March, 2017	2,497.19	574.65
	31st March, 2016	1,311.95	154.23
c) Receiving of services	31st March, 2017	0.60	247.30
	31st March, 2016	0.60	633.11
d) Reimbursements made to parties	31st March, 2017	5.02	28.85
	31st March, 2016	4.47	38.63
e) Reimbursements received from parties	31st March, 2017	0.17	24.58
	31st March, 2016	–	–
f) Loans/Deposits Taken	31st March, 2017	–	674.00
	31st March, 2016	–	1,952.94
g) Loans/Deposits paid	31st March, 2017	–	424.69
	31st March, 2016	–	101.00
h) Interest on Vehicle Loan paid	31st March, 2017	–	222.03
	31st March, 2016	–	62.08

Nature of Balances with Related Parties	Balance as on	Parent Company	Other related parties
i) Trade payables	31st March, 2017	0.53	8.48
	31st March, 2016	–	75.64
j) Trade receivables & others	31st March, 2017	221.48	104.49
	31st March, 2016	100.03	7.37
k) Loan Payable	31st March, 2017	–	2,114.46
	31st March, 2016	–	1,865.14

iii) All the outstanding balances, whether receivables or payables (Except Loan payable) are unsecured.

27. Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and other Funds aggregating Rs. 4.58 lakhs (2016 : Rs. 1.51 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

c) **Significant Actuarial Assumptions**

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31st March, 2017	31st March, 2016	1st April, 2015
a) Discount rate(s)	**6.82%**	NA	NA
b) Expected rate(s) of salary increase	**8.00%**	NA	NA
c) Mortality rate during employment	**IALM(2006-08)**	NA	NA
	Ultimate	NA	NA

d) **Defined benefit plans – as per actuarial valuation**

Particulars	Non Funded Plan - Gratuity 2017	2016
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**1.16**	–
b) Past service cost and (gains)/losses from settlements	–	–
c) Net interest expense	–	–
Components of defined benefit costs recognised in profit or loss	**1.16**	–
a) Remeasurement on the net defined benefit liability	–	–
b) Return on plan assets (excluding amount included in net interest expense)	–	–
c) Actuarial (gains)/loss arising form changes in financial assumptions	–	–
d) Actuarial (gains)/loss arising form experience adjustments	–	–
Components of defined benefit costs recognised in other comprehensive income	–	–
Total	**1.16**	–
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
a) Present value of defined benefit obligation	**(1.16)**	–
b) Fair value of plan assets	–	–
c) Surplus/(Deficit)	**(1.16)**	–
d) Current portion of the above	**(0.00)**	–
e) Non current portion of the above	**(1.16)**	–

All amounts are Rs. in Lakhs unless otherwise stated

Particulars	Non Funded Plan - Gratuity	
	2017	2016
III. Change in the obligation during the year ended 31st March		
a) Present value of defined benefit obligation at the beginning of the year	–	–
b) Add/(Less) on account of Scheme of Arrangement/ Business	–	–
c) Transfer	–	–
d) *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	**1.16**	–
- Past Service Cost	–	–
- Interest Expense (Income)	–	–
e) *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	–	–
ii. Experience Adjustments	–	–
f) Benefit payments	–	–
g) Present value of defined benefit obligation at the end of the year	**1.16**	–
IV. Change in fair value of assets during the year ended 31st March		
i) Fair value of plan assets at the beginning of the year	–	–
ii) *Expenses Recognised in Profit and Loss Account*		
- Expected return on plan assets	–	–
iii) *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	–	–
iv) Contributions by employer (including benefit payments recoverable)	–	–
v) Benefit payments	–	–
vi) Fair value of plan assets at the end of the year	–	–
V. The Major categories of plan assets		
- Insurance Funds	–	–
VI. Actuarial assumptions		
a) Discount rate	**6.82%**	–
b) Expected rate of return on plan assets	**N.A**	–
c) Attrition rate	**9.00%**	–

e) **The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
a) Discount rate	2017	1.00%	(0.12)	0.15
b) Salary growth rate	2017	1.00%	0.14	(0.12)
c) Rate of employee turnover	2017	1.00%	(0.06)	0.06

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

f) **Maturity profile of defined benefit obligation:**

The tables include both discounted value as well as unwinding of interest.

Particulars	**2017**	2016	2015
Within 1 year	**0.00**	–	–
1 - 2 years	**0.00**	–	–
2 - 3 years	**0.00**	–	–
3 - 4 years	**0.03**	–	–
4 - 5 years	**0.12**	–	–
5 - 10 years	**0.68**	–	–

g) 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.

h) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

28. First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March, 2016 and 1st April, 2015:

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	404.36	411.01
Ind AS: Adjustments increase (decrease):	–	–
Equity as reported under IND AS	404.36	411.01

PARTICULARS	Year Ended 31 March, 2016
Profit or Loss as per previous GAAP	(6.65)
Ind AS: Adjustments increase (decrease):	–
Profit or Loss under Ind AS	(6.65)
Other comprehensive income	–
Total comprehensive income under Ind ASs	(6.65)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

Particulars	Year ended 31st March, 2016		
	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flows from operating activities	35.56	–	35.56
Net cash flows from investing activities	(2,718.24)	–	(2,718.24)
Net cash flows from financing activities	2,382.43	–	2,382.43
Net increase (decrease) in cash and cash equivalents	(300.25)	–	(300.25)
Cash and cash equivalents at beginning of period	361.45	–	361.45
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	61.18	–	61.18

Analysis of cash and cash equivalents as at 31st March, 2016 and 1st April, 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	61.18	361.45
Adjustments	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	61.18	361.45

29. Leases

Details of leasing arrangements

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Operating Lease			
i) The Company has entered into operating lease arrangements for equipments. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.	–	–	–

All amounts are Rs. in Lakhs unless otherwise stated

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
ii) Future Non-Cancellable minimum lease commitments			
a) not later than one year	**10.58**	8.32	–
b) later than one year and not later than five years	**8.51**	13.99	–
c) later than five years	–	–	–
iii) Expenses recognised in the Statement of Profit and Loss			
a) Minimum Lease Payments	**11.46**	3.02	–

30. Specified Bank Notes held and transacted

Details of Specified Bank Notes held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	8.14	5.99	14.13
(+) Permitted receipts	–	67.60	67.60
(-) Permitted payment	8.14	61.92	70.06
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	–	11.67	11.67

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak

For and on behalf of
2 X 2 Logistics Private Limited

Nitin Singhal Chairman
Sushil Rathi Director
Brijbala Batwal Director
Company Secretary

Place : Mumbai
Date : 28th April, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 6th (Sixth) Report together with the Standalone Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Crores)

Particulars	For the year ended 31st March, 2017*	For the year ended 31st March, 2016*
Income		
Revenue from Operations	**66.26**	74.92
Other Income	**0.51**	0.10
Total Income	**66.77**	75.02
Expenses		
Employee Benefit Expenses	**5.31**	5.81
Operating, Administrative and Other Expenses	**59.83**	69.97
Depreciation and Amortization Expenses	**0.16**	0.23
Finance Costs	**0.26**	0.46
Total Expenses	**65.56**	76.47
Profit/(Loss) before Tax	**1.21**	(1.45)
Provision for Tax	**(0.82)**	(0.08)
Profit/(Loss) after Tax	**2.03**	(1.37)
Other comprehensive income		
Remeasurements of the defined benefit plans – Gains/(Losses)	**0.04**	0.00
Income tax relating to items that will not be reclassified to profit or loss	**0.01**	0.00
Total Other Comprehensive Income	**0.05**	0.00
Total Comprehensive Income for the year	**2.08**	(1.37)
Balance of Profit from Earlier Years	**(5.80)**	(4.43)
Balance carried Forward	**(3.72)**	(5.80)
Amount carried forward to reserves	–	–
Net worth	**4.87**	2.79

* *The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') audited standalone financial statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.*

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 OF THE COMPANY

Your company recorded gross income of Rs. 66.77 crores for the year under review as against gross income of Rs. 75.02 crores in the previous year registering a decline of 11%. The total comprehensive income for the year under consideration (after accounting of deferred tax income of Rs. 0.82 crores) is Rs. 2.08 crores as compared to loss of Rs. 1.37 crores (after accounting of deferred tax income of Rs. 0.08 crores) of the last year, registering a growth of 251.82%.

With the focus on working with profitable assignments, the Company hopes to improve its performance significantly in the coming years.

DIVIDEND

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

SHARE CAPITAL

The Authorized Share Capital of your Company stood at Rs. 2,50,00,000 divided into 25,00,000 equity shares of face value of Rs. 10 each. The Paid-up Share Capital of your Company as on 31st March, 2017 stood at Rs. 2,36,25,090 divided into 23,62,509 equity shares of face value of Rs. 10 each.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has no Subsidiaries, Associates and Joint Ventures as on 31st March, 2017.

BOARD OF DIRECTORS

Composition

Presently the Board Comprises of the following Directors:

Name of Director	DIN	Executive/ Non-Executive	Independent/ Non Independent	No. of Board meetings attended
Mr. Parag Shah	00374944	Non-Executive	Non-Independent	5
Mr. Pirojshaw Sarkari	00820860	Non-Executive	Non-Independent	5
Mr. V. Krishnan*	03426844	Executive	Non-Independent	4
Mr. Shamsudeen Ahmed	02833556	Non-Executive	Non-Independent	4
Mr. Sushil Rathi	05358211	Non-Executive	Non-Independent	5
Mr. Anant Gupta	06946611	Non-Executive	Non-Independent	4

Mr. Sushil Rathi (DIN-05358211) retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

Mr. V Krishnan has been re-appointed as the Whole Time Director of the Company with effect from 28th April, 2017.

Your Company is not required to constitute any mandatory Committees of the Board.

Number of Board Meetings and Annual General Meeting

The Board met five times during the year under review, i.e. on 26th April, 2016; 29th July, 2016, 27th October, 2016, 3rd February, 2017 and 17th March, 2017. The 5th Annual General Meeting of the Company was held on 29th July, 2016.

EVALUATION OF PERFORMANCE OF DIRECTORS

The provisions relating to annual evaluation of Board and its Directors are not applicable to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on representation 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) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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;

(c) 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;

(d) The Directors, had laid down internal financial controls with reference to financial statement and that such internal financial controls are adequate and were operating effectively.

(e) The Directors had prepared the annual accounts on a going concern basis; and

(f) 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.

RISK MANAGEMENT POLICY

Your Company has formulated Risk Management Policy including therein identified elements of risk which in the opinion of Board 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 Fourth Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Fourth Annual General Meeting till the conclusion of Ninth Annual General Meeting.

M/s. B. K. Khare & Co., 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 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.

The Provisions relating to Secretarial Audit, Internal Audit and Cost Audit are not applicable to your Company.

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 under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in 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, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

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 Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in **Annexure I** and form part of this Report.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 are not applicable to your Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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 and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of 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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans given, investments made and guarantees given and securities provided pursuant to Section 186 of the Companies Act, 2013 during the year under review.

PARTICULARS OF TRANSACTION WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on 31st March 2017 in form MGT-9 is annexed as **Annexure III** and forms part of this Report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

During the year under review, no complaints were received under the said Act.

INTERNAL FINANCIAL CONTROL

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 DISCLOSURES

Your Directors make the following disclosures in respect of the following items during the year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
- There was no issue of sweat equity shares to employees of the Company under any scheme.
- 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 (as there is no scheme pursuant to which such persons can beneficially own 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

Parag Shah
Chairman

Mumbai, 28th April, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) 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.

(b) The steps taken by the Company for utilizing alternate sources of energy: **Nil**

(c) The capital investment on energy conservation equipment's: **Nil**

B. TECHNOLOGY ABSORPTION

(a) The efforts made towards technology absorption – **Nil**

(b) The benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**

(c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Nil**

(i) The details of technology imported:

(ii) The year of import:

(iii) Whether the technology been fully absorbed:

(iv) If not fully absorbed, areas where absorption has not taken place, and the reason thereof:

(d) The expenditure incurred on Research and Development: **Nil**

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

(Rs. in Lakhs)

	For the Financial Year Ended 31st March, 2017	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	**671.67**	687.71
Total Foreign Exchange Outgo	**2,374.80**	3,133.91

For and on behalf of the Board

Parag Shah
Chairman

Mumbai, 28th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC -2

(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.)

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 material contracts or arrangements or transactions at arm's length basis. Nil

1	**Particulars**	**Details**
a)	Name(s) of the related party & nature of relationship	Nil
b)	Nature of Contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Date of approval by the Board	Nil
f)	Amount Paid as Advances, if any	Nil

For and on behalf of the Board

Parag Shah
Chairman

Mumbai, 28th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

FORM NO. MGT 9

Extract of Annual Return
As on financial year ended on 31st March, 2017

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

I. REGISTRATION & OTHER DETAILS:

1.	**CIN**		U63030MH2011PTC216628
2.	**Registration Date**		25th APRIL, 2011
3.	**Name of the Company**		Lords Freight (India) Private Limited
4.	**Category/Sub-Category of the Company**		Limited by Shares/Non-Government company
5.	**Address of Registered office & contact details**		Unit No. 511, 5th Floor, Crescent Business Park, Sumitha Complex, Safedpul, Sakinaka, Andheri (E), Mumbai – 400 072. Tel: +91 22 2856 531 Email: tendulkar.arpita@mahindra.com
6.	**Whether listed Company**		No
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any**		Bigshare Services Private Limited E-2/3, Anissa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400072. Tel: 022 – 28470653 Email: pradnya@bigshareonline.com Website: www.bigshareonline.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	Freight Forwarding Business via Sea	50120	43.49%
2	Freight Forwarding Business via Air	51201	54.42%

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 (through Mahindra Logistics Limited)	60	2(46)
2.	Mahindra Logistics Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400 013	U63000MH2007PLC173466	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 (as on 1st April, 2016)				No. of Shares held at the end of the year (as on 31st March, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	7,39,800	–	7,39,800	31.31	7,39,800	–	7,39,800	31.31	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	1,417,509	–	1,417,509	60.00	1,417,509	–	1,417,509	60.00	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	21,57,309	–	21,57,309	91.31	21,57,309	–	21,57,309	91.31	–
2. Foreign									
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Any other	–	–	–	–	–	–	–	–	–
Sub Total- (A) (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (A)	21,57,309	–	21,57,309	91.31	21,57,309	–	21,57,309	91.31	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (Individuals)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	2,05,200	–	2,05,200	8.69	2,05,200	–	2,05,200	8.69	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public (B)	2,05,200	–	2,05,200	8.69	2,05,200	–	2,05,200	8.69	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	23,62,509	–	23,62,509	100	23,62,509	–	23,62,509	100	–

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2016)			Shareholding at the end of the year (as on 31st March, 2017)			% change in shareholding during the year
		No. of Shares (In lacs)	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares (In lacs)	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mr. Shamsudeen Ahmed	261,360	11.06	Nil	261,360	11.06	Nil	–
2	Mr. Sumit S. Varma	119,610	5.06	Nil	119,610	5.06	Nil	–
3	Mr. S. Rajagopalan	119,610	5.06	Nil	119,610	5.06	Nil	–
4	Mr. V. Krishnan	119,610	5.06	Nil	119,610	5.06	Nil	–
5	Mr. Santhosh Kannambra	119,610	5.06	Nil	119,610	5.06	Nil	–
6	Mahindra Logistics Limited	1,417,509	60.00	Nil	1,417,509	60.00	Nil	–

iii. Change in Promoters' Shareholding: There is no change in promoter's shareholding during the year.

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 Name	Shareholding at the beginning of the year (as on 1st April, 2016)		Cumulative Shareholding during the year (as on 31st March, 2017)	
		No. of shares	% of total shares	No. of shares	% of total shares
1.	Mr. A. Mohan	63,000	2.67	63,000	2.67
2.	Mr. Noushad Parakott	63,000	2.67	63,000	2.67
3.	Mr. Rajan A.	13,500	0.57	13,500	0.57%
4.	Mr. Vinod Kumar	13,500	0.57	13,500	0.57
5.	Mr. P. G. Jayankumar	13,500	0.57	13,500	0.57
6.	Mr. S. Murali	9,000	0.38	9,000	0.38
7.	Mr. Jaswant Karasi	9,000	0.38	9,000	0.38
8.	Mr. Gijo Mathew	9,000	0.38	9,000	0.38
9.	Mr. John Soloman	4,500	0.19	4,500	0.19
10.	Mr. Chintamani Dhuri	3,600	0.15	3,600	0.15
11.	Mr. Vinaya Kumar	3,600	0.15	3,600	0.15

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel Name	Shareholding at the beginning of the year (as on 1st April, 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1.	Mr. Shamsudeen Ahmed	261,360	11.06	261,360	11.06
2.	Mr. V Krishnan	119,610	5.06	119,610	5.06

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
Indebtedness at the beginning of the financial year (1st April, 2016)				
i) Principal Amount	2.71	0.77	–	3.48
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total of (i+ii+iii)	2.71	0.77	–	3.48

(Rs. in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
* Addition	0.55	–	–	0.55
* Reduction	–	0.20	–	0.20
Net Change	0.55	0.20	–	0.75
Indebtedness at the end of the financial year				
i) Principal Amount	3.26	0.57	–	3.83
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	3.26	0.57	–	3.83

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 lakhs)
		V. Krishnan	
		Whole Time Director	
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	–	–
5.	Others, please specify	–	–
	Performance Bonus	4.80	4.80
	Total (A)	**34.00**	**34.00**
	Ceiling as per the Act	As per schedule V and Section 197 of the Companies Act, 2013	

B. Remuneration of other Directors: Nil

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs. in lakhs)
1.	Independent Directors	–	–	–	–	–
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (1)	–	–	–	–	–
2.	Other Non-Executive Directors	–	–	–	–	–
	Fee for attending board committee meetings	–	–	–	–	–
	Commission	–	–	–	–	–
	Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (` In Lacs)
	Name				
	Designation	CEO	CFO	CS	–
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	–	–	–	–
	Total	–	–	–	–

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Parag Shah
Chairman

Mumbai, 28th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **LORDS FREIGHT (INDIA) PRIVATE LIMITED**

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 26, 2016, as adjusted for the differences in accounting principles while the adoption by the Company of Ind AS financial statements and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.
11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2017, 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.

INDEPENDENT AUDITOR'S 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(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 are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. According to the information and explanations given to us and as indicated in Note 34 to the financial statements, management has represented that the Cash Balance as on 08.11.2016 in denomination of Specified bank Notes was utilised for permissible Cash payment which is disclosed as per the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner
Membership Number: 030168

Mumbai, April 28, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in Paragraph 10 of our report of even date on the Ind AS financial statements of Lords Freight (India) Private Limited for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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 does not own any immovable properties. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

II. The Company is in the business of freight forwarding & transportation 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.

III. 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.

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 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

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. 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) 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, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.

VIII. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has taken loans or borrowings from a financial institution or from the Government and it has not issued any debentures.

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 during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

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, we have neither come across any instance of material 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 any 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, 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. 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
Membership Number: 030168
Mumbai, April 28, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALIONE IND AS FINANCIAL STATEMENTS OF LORDS FREIGHT (INDIA) 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 **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for 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, 2017, 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

H. P. Mahajani
Partner
Membership No. 030168
Mumbai, April 28, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

` in lacs

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
I **NON-CURRENT ASSETS**				
(a) Property, Plant and Equipment	4	**49.37**	62.21	87.03
(b) Other Intangible Assets	5	**6.65**	7.84	8.60
(c) Financial Assets				
(i) Investments	6	**0.63**	0.63	0.63
(ii) Other Financial Asset	8	**12.15**	13.35	13.98
(d) Deferred Tax Assets (Net)	9 &10	**100.08**	16.83	8.56
SUB-TOTAL		**168.88**	100.86	118.80
II **CURRENT ASSETS**				
(a) Inventories				
(b) Financial Assets				
(i) Trade Receivables	7	**1,144.86**	1,065.34	1,305.77
(ii) Cash and Cash Equivalents	12	**57.98**	43.76	104.17
(iii) Other Financial Asset	8	**34.48**	38.84	29.02
(c) Current Tax Assets (Net)	13	**179.29**	264.45	230.52
(d) Other Current Assets	11	**84.37**	47.01	85.19
SUB-TOTAL		**1,500.98**	1,459.40	1,754.67
TOTAL ASSETS		**1,669.86**	1,560.26	1,873.47
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	14	**236.26**	236.26	236.26
(b) Other Equity	15	**250.88**	42.82	179.47
SUB-TOTAL		**487.14**	279.08	415.73
LIABILITIES				
I **NON-CURRENT LIABILITIES**				
(a) Provisions	19	**34.39**	33.82	25.40
SUB-TOTAL		**34.39**	33.82	25.40
II **CURRENT LIABILITIES**				
(a) Financial Liabilities				
(i) Borrowings	16	**383.16**	347.82	388.58
(ii) Trade Payables	17	**701.89**	828.90	964.82
(iii) Other Financial Liabilities	18	**43.80**	39.48	50.78
(b) Provisions	19	**8.51**	3.58	2.91
(c) Other Current Liabilities	20	**10.97**	27.58	25.25
SUB-TOTAL		**1,148.33**	1,247.36	1,432.34
TOTAL		**1,669.86**	1,560.26	1,873.47

See accompanying notes to the financial statements

"As per our Report of Even Date"

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2017

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

` in lacs

	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I	Revenue from continuing operations	21	**6,626.60**	7,491.53
II	Other Income	22	**50.69**	10.10
III	**Total Revenue (I + II)**		**6,677.29**	7,501.63
IV	**EXPENSES**			
	(a) Employee benefit expense	23	**531.28**	580.86
	(b) Finance costs	24	**26.40**	46.12
	(c) Depreciation and amortisation expense	4&5	**16.10**	22.89
	(d) Other expenses	25	**5,982.71**	6,996.80
	Total Expenses (IV)		**6,556.49**	7,646.67
V	**Profit/(loss) before tax (III-IV)**		**120.80**	(145.04)
VI	**Tax Expense**			
	(1) Current tax		**29.28**	–
	(2) MAT Credit Entitlement		**(29.28)**	–
	(3) Deferred tax		**(81.92)**	(8.24)
	Total tax expense		**(81.92)**	(8.24)
VII	**Profit/(loss) after tax (V-VI)**		**202.72**	(136.80)
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit liabilities/(asset)		**4.01**	0.11
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**1.33**	0.03
	Total Other Comprehensive Income/(Loss)		**5.34**	0.14
IX	**Total comprehensive income for the period (VII+VIII)**		**208.06**	(136.66)
X	**Earnings per equity share**			
	(1) Basic	26	**8.81**	(5.78)
	(2) Diluted	26	**8.81**	(5.78)

See accompanying notes to the financial statements

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2017

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

(a) Equity Share Capital

` in lacs

Particulars	Number of Shares	Equity share capital
As at 1st April 2015	23,62,509	236.26
Changes in equity share capital during the year	–	–
As at 31st March 2016	23,62,509	236.26
Changes in equity share capital during the year	–	–
As at 31st March 2017	**23,62,509**	**236.26**

(b) Other Equity

	Reserves & Surplus			
Particulars	**Securities premium reserve**	**Equity-settled employee benefits reserve**	**Retained earnings**	**Total**
Balance at 1st April, 2015	622.75		(443.28)	179.47
Total Comprehensive income for the year				
– Profit for the year	–	–	(136.80)	(136.80)
– Other Comprehensive Income transferred to retained earnings	–	–	0.14	0.14
Balance at 31st March, 2016	622.75	–	(579.93)	42.82
Total Comprehensive income for the year				
– Profit for the year	–	–	202.72	202.72
– Other Comprehensive Income transferred to retained earnings	–	–	5.34	5.34
Balance at 31st March, 2017	**622.75**	**–**	**(371.87)**	**250.88**

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2017

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 28th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2017

` in lacs

	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**120.80**	(145.04)
	Adjustments for:		
	Actuarial (Gain)/Loss	**4.01**	0.11
	Gain on disposal of property, plant and equipment		4.75
	Impairment loss recognised on trade receivables	**69.96**	15.70
	Depreciation and amortisation of non-current assets	**16.10**	22.89
	Finance Charges	**26.40**	46.12
		237.27	**(55.47)**
	Movements in working capital:		
	Increase in trade and other receivables	**(149.47)**	224.73
	(Increase)/decrease in other assets	**109.22**	28.99
	Decrease in trade and other payables	**(133.80)**	(135.79)
		63.22	62.46
	Cash generated from operations		
	Income taxes paid	**(55.86)**	(33.93)
	Net cash generated by operating activities	**7.36**	28.53
B.	**Cash flows from investing activities**		
	Payments for property, plant and equipment	**(2.07)**	(2.73)
	Proceeds from disposal of property, plant and equipment	**–**	0.67
	Net cash (used in)/generated by Investing activities	**(2.07)**	(2.06)
C.	**Cash flows from financing activities**		
	Proceeds from Borrowings	**35.34**	(40.76)
	Interest paid	**(26.40)**	(46.12)
	Net cash used in financing activities	**8.94**	(86.88)
	Net increase in cash and cash equivalents	**14.22**	(60.41)
	Cash and cash equivalents at the beginning of the year	**43.76**	104.17
	Cash and cash equivalents at the end of the year	**57.98**	43.76

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in IND AS 7.

2 Figures in bracket indicates cash outgo.

3 Additions to property, plant and equipment and intangible assets respectively during the year.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2017

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 28th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1. Corporate information

LORDS Freight (India) Pvt Ltd is a private limited company incorporated on 25th April, 2011 under the Companies Act, 1956. The Company's main activities are freight forwarding including transportation of goods via sea & air.

The financial statements for the year ended 31st march, 2017 are approved for issue in accordance with a resolution of the directors on 28th April, 2017.

2. Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Refer Note 2.18 for the details of first-time adoption exemptions availed by the Company.

2.2. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

Assets and Liabilities are classified as Current or Non-Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are prepared in Indian Rupee(INR) and denominated in lakhs.

The principal accounting policies are set out below.

2.3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1. Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. 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.

2.3.2. Dividend and interest income

Dividend income from investments is recognised when the 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 recognised 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.

2.4. Leasing

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.5. Foreign currencies

i. Initial recognition

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

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, if any 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.

2.6. Borrowing costs

Borrowing Cost 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 revenue in the year of incurrence.

2.7. Employee benefits

2.7.1. Retirement benefit costs and termination benefits

i. Defined Contribution Plan:

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

ii. Defined Benefits :

For defined 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 annual 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 net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet 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.

2.7.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2. Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 liabilities and assets 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.

2.8.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate,only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred. Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

i. assets costing less than Rs. 5000/- which are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10. Intangible assets

2.10.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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.

2.10.2. Useful lives of intangible assets

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

2.11. Impairment of tangible and intangible assets other than goodwill

The management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if 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 depreciated historical cost.

2.12. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

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.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.13. Financial instruments

Financial assets and financial liabilities are recognised when a company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

2.14. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.14.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.14.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

2.14.2. Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.14.3. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.14.4. Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and also recognises a collateralised 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.14.5. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.15. Financial liabilities and equity instruments

2.15.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2. 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 a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.3. Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c. 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 recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of a group 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 Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

ii. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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 that form an integral part of the effective interest rate, 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.

2.16. Segment Accounting:

The VP/Whole Time Director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in financial statements.

2.17. Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2.18. First-time adoption – mandatory exceptions, optional exemptions

2.18.1. Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.18.2. Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not opted the exemption of using previous GAAP carrying value of all its Property, Plant and Equipment, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

2.18.3. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.18.4. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.18.5. Impairment of financial assets

The entity has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the entity has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, 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 the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions 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.

3.1. Defined Benefit Plans:

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Note No. 4 – Property, Plant and Equipment

For the year ended 31st March, 2017

` in lacs

Description of Assets		Computer	Office Equipment	Furniture, Fittings and Fixtures	Total
A.	**Gross Carrying Amount**				
a)	Balance as at 1st April, 2016	32.46	25.36	61.22	**119.04**
b)	Additions	0.84	0.80	0.29	**1.93**
	Less: Disposals/Adjustments	–	–	–	**–**
	Balance as at 31st March, 2017	**33.30**	**26.16**	**61.51**	**120.97**
B.	**Accumulated depreciation and impairment**				
a)	Balance as at 1st April, 2016	25.90	15.67	15.26	**56.83**
b)	Depreciation expense for the year	3.75	4.92	6.10	**14.77**
	Less: Eliminated on disposal of assets	–	–	–	**–**
	Balance as at 31st March, 2017	**29.65**	**20.59**	**21.36**	**71.60**
C.	**Net carrying amount (A-B)**	**3.66**	**5.57**	**40.15**	**49.37**

For the year ended 31st March, 2016

Description of Assets		Computer	Office Equipment	Furniture , Fittings and Fixtures	Total
A.	**Gross Carrying Amount**				
a)	Balance as at 1st April, 2015	32.95	27.65	66.50	**127.10**
b)	Additions	1.59	0.07	0.52	**2.18**
	Less: Disposals/Adjustments	(2.08)	(2.36)	(5.80)	**(10.24)**
	Balance as at 31st March, 2016	**32.46**	**25.36**	**61.22**	**119.04**
B.	**Accumulated depreciation and impairment**				
a)	Balance as at 1st April, 2015	20.46	9.08	10.53	**40.07**
b)	Depreciation expense for the year	7.30	7.64	6.63	**21.57**
	Less: Eliminated on disposal of assets	(1.86)	(1.05)	(1.90)	**(4.81)**
	Balance as at 31st March, 2016	**25.90**	**15.67**	**15.26**	**56.83**
C.	**Net carrying amount (A-B)**	**6.56**	**9.69**	**45.96**	**62.21**

Notes:

i) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 2.9.

ii) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2017 is **Rs. Nil** (2016: Rs. NIL).

Note No. 5 – Other Intangible Assets

For the year ended 31st March, 2017

` in lacs

Description of Assets		Computer Software	Total
A.	**Gross Carrying Amount**		
a)	Balance as at 1st April, 2016	13.38	**13.38**
b)	Additions	0.14	**0.14**
	Less: Disposals/Adjustments	–	**–**
	Balance as at 31st March, 2017	**13.52**	**13.52**
B.	**Accumulated depreciation and impairment**		
a)	Balance as at 1st April, 2016	5.54	**5.54**
b)	Amortisation expense for the year	1.33	**1.33**
	Less: Eliminated on disposal of assets	–	**–**
	Balance as at 31st March, 2017	**6.87**	**6.87**
C.	**Net carrying amount (A-B)**	**6.65**	**6.65**

For the year ended 31st March, 2016

` in lacs

Description of Assets		Computer Software	Total
Intangible Assets			
A.	**Cost**		
a)	Balance as at 1st April, 2015	12.82	**12.82**
b)	Additions	0.56	**0.56**
	Less: Disposals/Adjustments	–	**–**
	Balance as at 31st March, 2016	**13.38**	**13.38**
B.	**Accumulated depreciation and impairment**		
a)	Balance as at 1st April, 2015	4.22	**4.22**
b)	Amortisation expense for the year	1.32	**1.32**
	Less: Eliminated on disposal of assets	–	**–**
	Balance as at 31st March, 2016	**5.54**	**5.54**
C.	**Net carrying amount (A-B)**	**7.84**	**7.84**

Notes:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2017 is **Rs. NIL (2016: Rs. NIL)**.

Note No. 6 – Investments

` in lacs

Particulars	As at 31st March, 2017 QTY	Amounts Current	Amounts Non Current	As at 31st March, 2016 QTY	Amounts Current	Amounts Non Current	As at 1st April, 2015 QTY	Amounts Current	Amounts Non Current
III. Designated as Fair Value Through Profit and Loss									
A. **Quoted Investments (fully paid)**									
Total Quoted Investments	–	–	–	–	–	–	–	–	–
B. **Unquoted Investments (fully paid)**									
a) Investments in Equity Instruments									
– The Zoroastrian Co-Operative Bank Limited (2520 Equity Share @ Rs. 25 each)	**2,520**		**0.63**	**2,520**	–	0.63	2,520	–	0.63
b) Investments in Mutual Funds	–	–	–	–	–	–	–		
Total Unquoted Investments	**2,520**	–	**0.63**	2,520	–	0.63	2,520	–	0.63
TOTAL INVESTMENTS CARRIED AT FVTPL [III]	**2,520**	–	**0.63**	2,520	–	0.63	2,520	–	0.63
Of the above, investments designated as FVTPL									
Of the above, investments held for trading	–	–	–	–	–	–			
Other investments carried at FVTPL	**2,520**		**0.63**	**2,520**	–	0.63	2,520	–	0.63
TOTAL INVESTMENTS (I) + (II)+ (III)	**2,520**	–	**0.63**	2,520	–	0.63	2,520	–	0.63
TOTAL IMPAIRMENT VALUE OF INVESTMENTS (IV)	–	–	–	–	–	–	–	–	
TOTAL INVESTMENTS CARRYING VALUE (I) + (II) + (III) - (IV)		–	**0.63**		–	0.63		–	0.63
Other disclosures									
Aggregate amount of quoted investments		–	**0.63**		–	**0.63**		–	0.63
Aggregate amount of Market value of investments		–	–		–	–		–	–
Aggregate amount of unquoted investments		–	**0.63**		–	**0.63**		–	0.63
Aggregate amount of impairment in value of investments		–	–		–	–		–	–

Note No. 7 – Trade receivables

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Trade receivables			
a) Secured, considered good	–	–	–
b) Unsecured, considered good	**1,214.82**	1,081.04	1,315.65
	1,214.82	1,081.04	1,315.65
Less: Allowance for Credit Losses	**69.96**	15.70	9.88
TOTAL	**1,144.86**	1,065.34	1,305.77

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Of the above, trade receivables from:			
a) Related Parties	**126.73**	51.87	57.50
b) Others	**1,018.13**	1,013.47	1,248.27
Total	**1,144.86**	1,065.34	1,305.77

Notes:

i) Refer Note 27 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) Trade Receivables are subject to confirmation and Reconciliations. Provision is however made for doubtful debt based on expected credit loss method under life time credit loss method as specified under simplied approach.

Note No. 8 – Other Financial Asset

Particulars	As at 31st March, 2017 Current	Non-Current	As at 31st March, 2016 Current	Non-Current	As at 1st April, 2015 Current	Non-Current
A. **Security Deposits**						
a) Secured, considered good	–	–	–	–	–	–
b) Unsecured, considered good	**33.10**	**12.15**	26.60	13.35	29.02	13.98
c) Doubtful	–	–	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–	–	–
B. **Accrued Sales**	**1.38**	–	12.24	–	–	–
Total	**34.48**	**12.15**	38.84	13.35	29.02	13.98

Notes:

i) Refer Note 27 (III) for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 9 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

` in lacs

Particulars			Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Current Tax:**			
	a)	In respect of current year	**–**	–
	b)	In respect of prior years	**–**	–
	c)	Unrecognised tax loss used to reduce current tax expense	**–**	–
	Total		**–**	–
B.	**Deferred Tax:**			
	a)	In respect of current year origination and reversal of temporary differences	**(81.92)**	(8.24)
	b)	Adjustments due to changes in tax rates	**–**	–
	Total		**(81.92)**	(8.24)
	Total (A+B)		**(81.92)**	(8.24)

(b) Income tax recognised in Other Comprehensive Income

` in lacs

Particulars			Year ended 31st March, 2017	Year ended 31st March, 2016
A.	**Current Tax:**			
	Total		**–**	–
B.	**Deferred Tax:**			
	Remeasurement of defined benefit obligations		**1.33**	0.03
	Total		**–**	–

` in lacs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**1.33**	0.03
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**1.33**	0.03

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars		Year ended 31st March 2017	Year ended 31st March 2016
a)	**Profit Before tax**	**120.80**	(145.04)
b)	Income Tax using the Company's domestic tax rate #	**39.94**	(44.82)
c)	Expenses not allowed for tax purpose	**0.99**	–
d)	Tax impact on Business Loss	**(122.99)**	37.14
		(82.06)	(7.68)
e)	Adjustments recognised in the current year in relation to the current tax of prior years	**(1.18)**	(0.61)
Income tax expense recognised In profit or loss		**(83.23)**	(8.29)

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars		As at 31st March 2017	As at 31st March 2016
a)	Deductible Temporary differences	–	–
b)	Unused Tax losses (revenue in nature)	–	371.98
c)	Unused Tax losses (capital in nature)	–	–
Total		–	371.98

Note No. 10 – Deferred Tax Assets

(i) Movement in deferred tax balances

For the Year ended 31st March, 2017

Particulars			Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A.	**Tax effect of items constituting deferred tax liabilities**					
	a)	Property, Plant and Equipment	–	–	–	–
	Total		–	–	–	–
B.	**Tax effect of items constituting deferred tax assets**					
	a)	Property, Plant and Equipment	1.33	1.98	–	3.31
	b)	Employee Benefits	10.66	0.13	1.33	12.12
	c)	Provision for doubtful debts/advances	4.84	18.28	–	23.12
	d)	Business Loss	–	61.53	–	61.53
	Total		16.83	81.92	1.33	100.08
	Net Tax Asset (Liabilities)		**(16.83)**	**(81.92)**	**(1.33)**	**(100.08)**

` in lacs

Particulars			For the Year ended 31st March 2016			
			Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A.	**Tax effect of items constituting deferred tax liabilities**					
	a)	Property, Plant and Equipment	2.45	(3.78)	–	(1.33)
	Total		2.45	(3.78)	–	(1.33)
B.	**Tax effect of items constituting deferred tax assets**					
	a)	Employee Benefits	7.92	2.71	0.03	10.66
	b)	Provision for doubtful debts/advances	3.05	1.79	–	4.84
	c)	Preliminary expenses	0.04	(0.04)	–	–
	Total		11.01	4.46	0.03	15.50
	Net Tax (Asset)/Liabilities (A-B)		**(8.56)**	**(8.24)**	**(0.03)**	**(16.83)**

Note No. 11 – Other assets

Particulars			As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
			Current	**Non-Current**	Current	Non-Current	Current	Non-Current
A.	**Capital advances**							
	a)	For Capital work in progress	**–**	**–**	–	–	–	–
	b)	For intangible asset under development	**–**	**–**	–	–	–	–
Total (A)			**–**	**–**	–	–	–	–
B.	**Advances other than capital advances**							
	a)	Advances to suppliers - considered good	**23.69**	**–**	8.57	–	59.83	–
	b)	Advances to suppliers - considered doubtful	**–**	**–**	–	–	–	–
	c)	Advances to related parties	**–**	**–**	–	–	–	–
	d)	Balances with government authorities (other than income taxes)	**49.15**	**–**	27.41	–	16.03	–
	e)	Prepaid Expenses	**11.51**	**–**	11.01	–	9.31	–
	f)	Advances to employees	**–**	**–**	–	–	–	–
	g)	Other advances	**0.02**	**–**	0.02	–	0.02	–
Total (B)			**84.37**	**–**	47.01	–	85.19	–
TOTAL (A+B)			**84.37**	**–**	47.01	–	85.19	–
Less: Provision for doubtful advances			**–**	**–**	–	–	–	–
Total (C)			**–**	**–**	–	–	–	–
TOTAL (A+B+C)			**84.37**	**–**	47.01	–	85.19	–

Note No. 12 – Cash and Bank Balances

Particulars			**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents					
a)	Balances with banks		**42.17**	37.73	50.26
b)	Cheques, drafts on hand		**15.04**	5.78	53.51
c)	Cash on hand		**0.77**	0.25	0.40
d)	Bank deposits with maturity of less than 3 months		**–**	–	–
Total			**57.98**	43.76	104.17

Note No. 13 – Current Tax Assets

Particulars			**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Advance Income Tax/TDS Receivable (Net off Provision for Tax)			**179.29**	264.45	230.52
Total			**179.29**	264.45	230.52

Note No. 14 – Share Capital

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
A. **Authorised:**						
a) Equity shares of Rs. 10 each with voting rights	**25,00,000**	**250.00**	25,00,000	250.00	25,00,000	250.00
Total	**25,00,000**	**250.00**	25,00,000	250.00	25,00,000	250.00
B. **Issued, Subscribed and Fully Paid:**						
a) Equity shares of Rs. 10 each with voting rights	**23,62,509**	**236.26**	23,62,509	236.26	23,62,509	236.26
Total	**23,62,509**	**236.26**	23,62,509	236.26	23,62,509	236.26
C. **Issued, Subscribed and Partly Paid:**						
Total	**–**	**–**	–	–	–	–
Total (B+C)	**–**	**236.26**	–	236.26	–	236.26

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes (give details)	Closing Balance
A. **Equity Shares with Voting rights**				
a) **Year Ended 31st March 2017**				
No. of Shares	**23,62,509**	**–**	**–**	**23,62,509**
Amount	**236.26**	**–**	**–**	**236.26**
b) Year Ended 31st March 2016				
No. of Shares	23,62,509	–	–	23,62,509
Amount	236.26	–	–	236.26
c) Year Ended 1st April 2015				
No. of Shares	23,62,509	–	–	23,62,509
Amount	236.26	–	–	236.26

Notes:

i) **Rights, preferences and restrictions 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. 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.

(ii) **Details of shares held by the holding company:**

Particulars	No. of Equity Shares with Voting rights		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Mahindra Logistics Limited	**14,17,509**	14,17,509	14,17,509

(iii) **Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	**% holding in that class of shares**	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 Logistics Limited	**14,17,509**	**60.00%**	14,17,509	60.00%	14,17,509	60.00%
Mr. Shamsudeen Ahmed	**2,61,360**	**11.06%**	2,61,360	11.06%	2,61,360	11.06%
Mr. Sumit S. Varma	**1,19,610**	**5.06%**	1,19,610	5.06%	1,19,610	5.06%
Mr. S. Rajagopalan	**1,19,610**	**5.06%**	1,19,610	5.06%	1,19,610	5.06%
Mr. V. Krishnan	**1,19,610**	**5.06%**	1,19,610	5.06%	1,19,610	5.06%
Mr. Santhosh Kannambra	**1,19,610**	**5.06%**	1,19,610	5.06%	1,19,610	5.06%

Note No. 15 – Other Equity

` in lacs

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Securities premium reserve	**622.75**	622.75	622.75
Retained earnings	**(371.87)**	(579.93)	(443.28)
Total	**250.88**	42.82	179.47

Movement in Reserves

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
(A) Securities Premium			
Balance as at the beginning of the year	**622.75**	622.75	622.75
Add: Additions during the year	**–**	–	–
Less: Deletion during the year	**–**	–	–
Balance as at the end of the year	**622.75**	622.75	622.75
(B) Retained Earnings			
Balance as at the beginning of the year	**(579.93)**	(443.28)	(443.28)
Add: Profit for the year	**202.72**	(136.80)	–
Less: Actuarial gain/(loss) for the year	**5.34**	0.14	–
Balance as at the end of the year	**(371.87)**	(579.93)	(443.28)

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the surplus during the year to be retained in business and not for appropriation.

Securities Premium:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Act.

Note – 16: Borrowings

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. Secured Borrowings			
Loans repayable on demand from Banks	**326.66**	271.32	312.08
Total Secured Borrowings	**326.66**	271.32	312.08
B. Unsecured Borrowings			
from related parties	**56.50**	33.50	33.50
from other parties	**–**	43.00	43.00
Total Unsecured Borrowings	**56.50**	76.50	76.50
Total Borrowings	**383.16**	347.82	388.58

Note:

i. Secured loan from banks is in the nature of Cash Credit facility availed.

ii. Cash credit facility has been availed at the rate of interest ranging from 8.65% to 12.50% p.a. against the charge of trade receivables.

iii. Bank sanctioned facility comprises of Cash Credit limit of Rs. 500 lacs and facility availed as on 31.3.17 is Rs. 326.66 lacs

Note No. 17 – Trade Payables

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a) Trade Payable – Micro, Medium and Small enterprises	–	–	–
b) Trade payable – Other than Micro, Medium and Small enterprises	**701.89**	828.90	964.82
Total	**701.89**	828.90	964.82

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

ii) Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006 as on 31st March 2017.

Note No. 18 – Other Financial Liabilities

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other Financial Liabilities Measured at Amortised Cost			
i. Short term Deposits	–	4.46	4.86
ii. Other liabilities			
– Creditors for capital supplies/services	–	–	–
– Stale Cheque	–	–	
– Employee Dues	**43.80**	35.02	45.92
Total	**43.80**	39.48	50.78

Note No. 19 – Provisions

` in lacs

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Provision for employee benefits	**8.51**	**34.39**	3.58	33.82	2.91	25.40
Total	**8.51**	**34.39**	3.58	33.82	2.91	25.40

Note No. 20 – Other Liabilities

` in lacs

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
A. Advances received from customers	**1.40**	–	16.01	–	8.65	–
B. Unearned Income on discounted deposits						
– Other Deferred Revenues	–	–	–	–	–	–
C. Statutory dues						
a) Taxes payable	**6.42**	–	8.43	–	12.82	–
b) Employee Liabilities	**3.15**	–	3.15	–	3.78	–
TOTAL (A+B+C)	**10.97**	–	27.59	–	25.25	–

Note No. 21 – Revenue from Operations

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Revenue from rendering of services	**6,626.60**	7,491.53
Total	**6,626.60**	7,491.53

Note No. 22 – Other Income

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Interest Income	**16.07**	9.55
b) Miscellaneous Income		
a) Gain on exchange fluctuation	**29.51**	–
b) Other Income	**5.11**	0.55
Total	**50.69**	10.10

Note No. 23 – Employee Benefits Expense

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Salaries and wages, including bonus	**482.12**	533.25
b) Contribution to provident and other funds	**16.22**	18.53
c) Gratuity	**7.37**	6.66
d) Staff welfare expenses	**25.58**	22.42
Total Employee Benefit Expense	**531.28**	580.86

Notes:

i) Salaries and wages would include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

ii) Employee would deem to include directors, in full time or part time employment of the Company, but would exclude directors who are not under a contract of employment with the Company.

iii) Contribution to provident fund and other funds would include contributions to other funds like superannuation fund etc. pertaining to employees. Contributions to ESIC, Labour Welfare Fund.

Note No. 24 – Finance Cost

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Interest expense on cash credit	**26.40**	46.12
Total	**26.40**	46.12

Notes:

i) Analysis of Interest Expenses by Category

` in lacs

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest Expenses		
a) On Financial Liability at Amortised Cost	**26.40**	46.12
Total	**26.40**	46.12

Note No. 25 – Other Expenses

Particulars			As at 31st March, 2017	As at 31st March, 2016
a) Freight Expense			**5,666.57**	6,659.93
b) Rent including lease rentals			**51.50**	54.95
c) Travelling and Conveyance Expenses			**44.74**	56.34
d) Provision for expected credit losses (Net of Reversals)			**54.26**	5.82
e) Auditors remuneration and out-of-pocket expenses			–	2.47
	i) As Auditors	1.73	–	1.73
	ii) For Taxation matters	0.52	–	0.52
	iii) For Other services	0.91	**3.16**	0.22
f) Repairs and maintenance:			–	22.92
	i) Machinery	10.35	–	10.11
	ii) Others	12.28	**22.63**	12.80
g) Legal & Professional charges			**48.08**	51.30
h) Other expenses			**91.77**	143.07
Total Other Expenses			**5,982.71**	6,996.80

Note No. 26 – Earnings per Share

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
	Per Share	Per Share
A. Basic Earnings per share	**8.81**	(5.78)
Total basic earnings per share	**8.81**	(5.78)
B. Diluted Earnings per share	**8.81**	(5.78)
Total diluted earnings per share	**8.81**	(5.78)

Notes:

i) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

` in lacs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
a) Profit/(loss) for the year attributable to owners of the Company	**208.06**	(136.66)
b) Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**208.06**	(136.66)
Total number of equity shares	**2,362,509**	2,362,509
Earnings per share from continuing operations – Basic	**8.81**	(5.78)

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective periods.

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Profit/(loss) for the year used in the calculation of basic earnings per share	**208.06**	(136.66)
b) Add: adjustments on account of dilutive potential equity shares	–	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**208.06**	(136.66)

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	As at 31st March, 2017	As at 31st March, 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**2,362,509.00**	2,362,509.00
Add: Effect of Adjustments	–	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**2,362,509.00**	2,362,509.00

Note No. 27 – Financial Instruments

I. Capital management Policy

a) 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.

b) For the purpose of company's capital management, capital includes issued share capital, equity as well as preference and all other equity reserves. The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. 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.

c) The following table shows the components of capital:

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Equity	487.14	279.08	415.73
Capital	487.14	279.08	415.73

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

` in lacs

As at 31st March, 2017

Particulars		Amortised Costs	FVTPL	FVOCI	Total
A.	**Non-current Assets**				
a)	Investments	–	**0.63**	–	**0.63**
b)	Other Financial Assets	**12.15**	–	–	**12.15**
Total		**12.15**	**0.63**	–	**12.78**
B.	**Current Assets**				–
a)	Investments	–	–	–	–
b)	Trade Receivables	**1,144.86**	–	–	**1,144.86**
c)	Cash and Bank Balances	**57.98**	–	–	**57.98**
d)	Other Financial Assets	**34.48**	–	–	**34.48**
Total		**1,237.32**	–	–	**1,237.32**
C.	**Current Liabilities**				
a)	Trade Payables	**701.89**	–	–	**701.89**
b)	Other Financial Liabilities	**426.96**	–	–	**426.96**
Total		**1,128.85**	–	–	**1,128.85**

As at 31st March, 2016

Particulars		Amortised Costs	FVTPL	FVOCI	Total
A.	**Non-current Assets**				
a)	Investments	–	0.63	–	0.63
b)	Other Financial Assets	13.35	–	–	13.35
Total		13.35	0.63	–	13.98
B.	**Current Assets**				–
a)	Investments				–
b)	Trade Receivables	1,065.34	–	–	1,065.34
c)	Cash and Bank Balances	43.76	–	–	43.76
c)	Other Financial Assets	38.84	–	–	38.84
Total		1,147.94	–	–	1,147.94
C.	**Current Liabilities**				
a)	Trade Payables	828.90	–	–	828.90
b)	Other Financial Liabilities	387.30	–	–	387.30
Total		1,216.20	–	–	1,216.20

As at 1st April, 2015

Particulars		Amortised Costs	FVTPL	FVOCI	Total
A.	**Non-current Assets**				
a)	Investments	–	0.63	–	0.63
b)	Other Financial Assets	13.98	–	–	13.98
Total		13.98	0.63	–	14.61
B)	**Current Assets**				
a)	Investments				–
b)	Trade Receivables	1,305.77	–	–	1,305.77
c)	Cash and Bank Balances	104.17	–	–	104.17
d)	Other Financial Assets	29.02	–	–	29.02
Total		1,438.96	–	–	1,438.96
C.	**Current Liabilities**				
a)	Trade Payables	964.82	–	–	964.82
b)	Other Financial Liabilities	439.36	–	–	439.36
Total		1,404.18	–	–	1,404.18

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity 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.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customer of the company, the company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to a single company did not exceed 10 % of gross monetary assets at any time during the year.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) The loss allowance provision is determined as follows:

Particulars	Not due	Less than 6 months past due	As at 31st March, 2017 More than 6 months past due	Total
a) Gross carrying amount....	**615.95**	**471.73**	**127.15**	**1,214.84**
b) Loss allowance provision..	**9.05**	**6.95**	**53.96**	**69.96**

Particulars	Not due	Less than 6 months past due	As at 31st March, 2016 More than 6 months past due	Total
a) Gross carrying amount....	588.70	423.60	68.77	1,081.06
b) Loss allowance provision..	8.34	6.17	1.19	15.70

Particulars	Not due	Less than 6 months past due	As at 1st April, 2015 More than 6 months past due	Total
a) Gross carrying amount....	123.20	1,036.21	156.27	1,315.68
b) Loss allowance provision..	0.77	6.92	2.19	9.88

(vii) Reconciliation of loss allowance provision for Trade Receivables

Particulars	31st March, 2017	` in lacs 31st March, 2016
a) Balance as at beginning of the year.....	**15.70**	9.88
b) Impairment losses recognised in the year based on lifetime expected credit losses	**65.95**	5.82
– On receivables originated in the year.....		
– Other receivables.....	**54.26**	5.82
c) Impairment losses reversed/written back.....	**11.69**	–
d) Balance at end of the year.....	**69.96**	15.70

(viii) During the period, the company has made write off of Rs. 17.45 lacs (31 March, 2016: Rs. 42.66 lacs) of trade receivable. These trade receivables and advances are not subject to enforcement activity.

Cash and Cash equivalents

As at 31st March, 2017, the company held cash and cash equivalents of Rs. 57.37 Lacs (As at 31st March, 2016 Rs. 43.76 lacs). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilities:

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
As at 31st March 2017				
a) Trade Payables	**701.89**	–	–	–
b) Security Deposits	**–**		–	–
c) Borrowings.....	**383.16**	–	–	–
d) Employee Dues	**43.80**	–	–	–
Total.....	**1,128.85**	–	–	–
As at 31st March 2016				
a) Trade Payables	828.90	–	–	–
b) Security Deposits	4.46	–	–	–
c) Borrowings.....	347.82	–	–	–
d) Employee Dues	35.02	–	–	–
Total.....	1,216.20	–	–	–
As at 1st April 2015				
a) Trade Payables	964.82	–	–	–
b) Security Deposits	4.86	–	–	–
c) Borrowings.....	388.58	–	–	–
d) Employee Dues	45.92	–	–	–
Total.....	1,404.18	–	–	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2017	As at 31st March, 2016	` in lacs As at 1st April, 2015
a) Secured Cash credit facility			
– Expiring within one year.....	**173.34**	28.68	–
– Expiring beyond one year.....	–	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Particulars	Less than 1 Year ` in lacs	1-3 Years ` in lacs	3 Years to 5 Years ` in lacs	5 years and above ` in lacs
Non-derivative financial assets				
As at 31st March 2017				
**Trade Receivables ..... **	**1,144.86**	–	–	–
**Security Deposits..... **	**33.10**	**12.15**	–	–
**Others ..... **	**57.98**	–	–	–
Total.....	**1,235.94**	**12.15**	–	–
As at 31st March 2016				
Trade Receivables.....	1,065.34	–	–	–
Security Deposits.....	26.60	13.35		–
Others.....	43.76	–	–	–
Total.....	1,135.70	13.35	–	–
As at 1st April 2015				
Trade Receivables.....	1,305.77	–	–	–
Security Deposits.....	29.02	13.98		–
Others.....	104.17	–	–	–
Total.....	1,438.96	13.98	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/Company's exposure to currency risk relates primarily to the

Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	31st March, 2017	31st March, 2016
Trade Receivables	USD	**273,882**	256,996
	EUR	**48,169**	36,001
	SGD	**1,161**	791
	GBP	**1,484**	2,882
Trade Payables	USD	**215,488**	309,491
	HKD	**400,047**	439,158
	EUR	**51,486**	171,820
	DKK	**–**	3,880
	GBP	**27,408**	41,444
	SGD	**286,198**	91,055
	CAD	**186**	1,627
	CHF	**1,698**	3,949
	AUD	**7,942**	32,029
	JPY	**–**	129,320
	MYR	**–**	60,674
	SEK	**6,156**	39,914
	NOK	**2,822**	–

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	**USD**	**+10%**	**3.76**	**3.76**
	USD	**-10%**	**-3.76**	**-3.76**
	SGD	**+10%**	**-13.36**	**-13.36**
	SGD	**-10%**	**13.36**	**13.36**
	GBP	**+10%**	**-2.12**	**-2.12**
	GBP	**-10%**	**2.12**	**2.12**
31-Mar-16	USD	+10%	-3.28	-3.28
	USD	-10%	3.28	3.28
	EURO	+10%	-10.29	-10.29
	EURO	-10%	10.29	10.29
	SGD	+10%	-4.46	-4.46
	SGD	-10%	4.46	4.46

Interest Risk

The following tables demonstrate the sensitivity to a reasonably possible change in Interest rates, with all other variables held constant.

Particulars	Name of borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
As at 31st March, 2017	Cash Credit	Floating	8.65%	326.66	1.00%	-3.27	1.00%	3.27
As at 31st March, 2016	Cash Credit	Floating	12.50%	271.32	1.00%	-2.71	1.00%	2.71
As at 1st April, 2015	Cash Credit	Floating	12.50%	312.08	1.00%	-3.12	1.00%	3.12

Note No. 28 – Fair Value Measurement

a) Fair Valuation Techniques and Inputs used – recurring Items

Financial assets/financial liabilities measured at Fair value	Fair value as at 31st March, 2017	31st March, 2016	1st April, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
A) Financial assets							
a) Investments							
i) Other investments	**0.63**	0.63	0.63	Level 2	NA	NA	NA
Total financial assets	**0.63**	0.63	0.63				

As at the reporting date, the company does not have any financial liability measured at fair values.

b) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	31st March, 2017		31st March, 2016		1st April, 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
A) Financial assets						
a) **Financial assets carried at Amortised Cost**						
i) trade and other receivables	**1,144.86**	**1,144.86**	1,065.34	1,065.34	1,305.77	1,305.77
ii) Deposits given	**45.25**	**45.25**	39.95	39.95	43.00	43.00
iii) Cash and cash equivalents	**57.98**	**57.98**	43.76	43.76	104.17	104.17
Total	**1,248.08**	**1,248.08**	1,149.05	1,149.05	1,452.94	1,452.94
B) Financial liabilities						
b) Financial liabilities held at amortised cost						
i) trade and other payables	**701.89**	**701.89**	828.90	828.90	964.82	964.82
Total	**701.89**	**701.89**	828.90	828.90	964.82	964.82

c) Fair Value Hierarchy

Particulars	Fair value hierarchy as at 31st March, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) trade and other receivables	–	**1,144.86**	–	**1,144.86**
ii) Deposits given	–	**45.25**	–	**45.25**
iii) Cash and cash equivalents	–	**57.98**	–	**57.98**
Total	–	**1,248.08**	–	**1,248.08**
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) trade and other payables	–	**701.89**	–	**701.89**
Total	–	**701.89**	–	**701.89**

	Fair value hierarchy as at 31st March, 2016			
	Level 1	Level 2	Level 3	Total
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) trade and other receivables	–	1,065.34	–	1,065.34
ii) Deposits given	–	39.95	–	39.95
iii) Cash and cash equivalents	–	43.76	–	43.76
Total	–	1,149.05	–	1,149.05
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) trade and other payables	–	828.90	–	828.90
Total	–	828.90	–	828.90

	Fair value hierarchy as at 1st April, 2015			
	Level 1	Level 2	Level 3	Total
A) Financial Assets				
a) Financial assets carried at Amortised Cost				
i) trade and other receivables	–	1,305.77	–	1,305.77
ii) Deposits given	–	43.00	–	43.00
iii) Cash and cash equivalents	–	104.17	–	104.17
Total	–	1,452.94	–	1,452.94
B) Financial liabilities				
a) Financial Instruments not carried at Fair Value				
i) trade and other payables	–	964.82	–	964.82
Total	–	964.82	–	964.82

Note:

i) The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 29 – Segment information

i) The management of the company has chosen to organise the company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the group.

ii) The Company has only one operating segment i.e. "Freight Forwarding".

iii) The VP/Whole time director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

(iv) Geographic information

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Revenue from external customers		
India	**5,656.17**	6,541.14
Outside India	**970.43**	950.39
Total revenue per statement of profit or loss	**6,626.60**	7,491.53

v) Non-current operating assets

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
India	**56.02**	70.05	95.63
Outside India	–	–	–
Total	**56.02**	70.05	95.63

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

The revenues of the company from a group of customers under common control amounts to around 10% of its total revenues.

(vi) The company had set up its internal reporting based on Ind AS, ahead of Ind AS adoption for statutory reporting. Hence, the VP/Whole time director was already using Ind AS information for economic decision making. This implies that the company's internal reporting is already set up to report in accordance with Ind-AS.

Note No. 30 – Leases

Operating Lease

i) The Company has entered into operating lease arrangements for commercial premises. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 1st April, 2015
i) Future Non-Cancellable minimum lease commitments			
a) not later than one year	**19.44**	–	–
b) later than one year and not later than five years	**41.84**	–	–
c) later than five years		–	–
ii) Expenses recognised in the Statement of Profit and Loss			
a) Minimum Lease Payments	–	–	–

Note No. 31 – Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 16.22 lacs (2016 : Rs. 18.53 lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars		Valuation as at 31st March, 2017	31st March, 2016	1st April, 2015
a)	Discount rate(s)	**7.34%**	8.00%	8.00%
b)	Expected rate(s) of salary increase	**6.00%**	6.00%	6.00%
c)	Mortality rate during employment	**IALM(2006-08) Ultimate**	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate

(d) Defined benefit plans – as per actuarial valuation

Particulars			Unfunded Plan – Gratuity 2017	2016
I.	**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**			
	a)	Current Service Cost	**5.80**	5.62
	b)	Past service cost and (gains)/ losses from settlements	–	–
	c)	Net interest expense	**1.56**	1.04
	Components of defined benefit costs recognised in profit or loss		**7.37**	6.66
	a)	Remeasurement on the net defined benefit liability	–	–
	b)	Return on plan assets (excluding amount included in net interest expense)	–	–
	c)	Actuarial (gains)/loss arising form changes in financial assumptions	**1.53**	0.37
	d)	Actuarial (gains)/loss arising form experience adjustments	**(5.55)**	(0.48)
	Components of defined benefit costs recognised in other comprehensive income		**(4.02)**	(0.11)
Total			**3.35**	6.55
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**			
	a)	Present value of defined benefit obligation	**(20.72)**	(19.53)
	b)	Fair value of plan assets	–	–
	c)	Surplus/(Deficit)	**(20.72)**	(19.53)
	d)	Current portion of the above	**(0.44)**	(0.26)
	e)	Non current portion of the above	**(20.27)**	(19.27)
III.	**Change in the obligation during the year ended 31st March**			
	a)	Present value of defined benefit obligation at the beginning of the year	**19.53**	12.98
	b)	Add/(Less) on account of Scheme of Arrangement/Business	–	–
	c)	Transfer	–	–
	d)	Expenses Recognised in Profit and Loss Account		
		– Current Service Cost	**5.80**	5.62
		– Past Service Cost		
		– Interest Expense (Income)	**1.56**	1.04
	e)	Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)			
	–	Actuarial Gain (Loss) arising from:		
		i. Financial Assumptions	**1.53**	0.37
		ii. Experience Adjustments	**(5.55)**	(0.48)
	f)	Benefit payments	**(2.16)**	
	g)	**Present value of defined benefit obligation at the end of the year**	**20.72**	19.53
IV.	**Change in fair value of assets during the year ended 31st March**			
	i)	Fair value of plan assets at the beginning of the year	–	–
	ii)	Expenses Recognised in Profit and Loss Account		
		– Expected return on plan assets	–	–
	iii)	Recognised in Other Comprehensive Income	–	–
	Remeasurement gains/(losses)			
	–	Actual Return on plan assets in excess of the expected return	–	–
	iv)	Contributions by employer (including benefit payments recoverable)	–	–
	v)	Benefit payments	–	–
	vi)	Fair value of plan assets at the end of the year	–	–

Particulars			Unfunded Plan – Gratuity 2017	2016
V.	**The Major categories of plan assets**			
	–	Insurance Funds	–	–
VI.	**Actuarial assumptions**			
	a)	Discount rate	**7.34%**	8.00%
	b)	Expected rate of return on plan assets	–	–
	c)	Attrition rate	**2.00%**	2.00%

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption			Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
a)	Discount rate	2017	0.50%	(1.17)	1.28
		2016	0.50%	(1.22)	1.33
b)	Salary growth rate	2017	0.50%	1.29	(1.19)
		2016	0.50%	1.35	(1.25)
c)	Rate of employee turnover	2017	0.50%	0.10	(0.11)
		2016	0.50%	0.16	(0.18)

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The weighted average duration of the defined benefit obligation as at 31 March 2017 is 14 years (2016: 15 years)

f) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	2017	2016
Within 1 year	**0.44**	0.26
1 – 2 year	**0.50**	0.50
2 – 3 year	**0.81**	0.58
3 – 4 year	**0.61**	0.82
4 – 5 year	**3.35**	0.69
5 – 10 years	**6.74**	8.17

g) 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.

h) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 32 – Related Party Transactions

i) List of Related Parties:

a) Holding Companies:	
1	Mahindra Logistics Limited
b) Other Related parties	
1	Mahindra & Mahindra Limited
2	Mahindra Internet Commerce Pvt Ltd
3	Mahindra Aerostructures Pvt Ltd
4	Mahindra Reva Electric Vehicles Pvt Ltd
5	Mahindra Heavy Engines Pvt Ltd
6	Mahindra Retail Pvt Ltd
7	Mahindra Trucks and Buses Ltd
8	Mahindra Two Wheelers Ltd
9	Mahindra Vehicles Manufacturers Ltd
10	Defence Land Systems India Ltd
11	Mahindra Susten Pvt Ltd.
c) Key management Personnel	
1	Krishnan Varada (WTD)
2	Shamsudeen Ahmed

ii) Details of transaction between the Company and its related parties are disclosed below:

Particulars	Parent Company	Other related parties	KMP
Nature of transactions with Related Parties			
a) Rendering of services	10.39	772.23	0.00
b) Receiving of services	86.76	–	–
C) Reimbursements made to parties	13.38	1.30	–
Nature of Balances with Related Parties			
a) Trade payables	83.60	–	–
b) Trade Receivable	–	126.73	–
c) Loans & advances received	–	–	56.50

iii) All the outstanding balances, whether receivables or payables are unsecured.

iv) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Note No. 33 – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March 2016 and 1st April 2015:

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	279.08	415.75
Ind AS: Adjustments increase (decrease):		
Securitizations of trade receivables	–	–
Property, plant and equipment:	–	–
– Revaluation	–	–
– Impairment	–	–
Fair value of current investment	–	–
Employee future benefits – actuarial gains and losses	–	–
ECL provision	–	–
Deferred income tax	–	–
Equity as reported under IND AS	279.08	415.75

Particulars	Year Ended 31st March, 2016
Profit or Loss as per previous GAAP	(136.65)
Ind AS: Adjustments increase (decrease):	
Fair Value of Current Investment	–
PDD as per ECL	–
Acturial (Gain)/Loss	–
Others	–
Profit or Loss under Ind AS	(136.65)
Other comprehensive income	(0.14)
Total comprehensive income under Ind ASs	(136.79)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

	Year ended 31st March, 2016		
Particulars	**Previous GAAP**	**Ind AS Adjustments**	**Ind AS**
Net cash flows from operating activities	28.53		28.53
Net cash flows from investing activities	(2.06)		(2.06)
Net cash flows from financing activities	(86.88)		(86.88)
Net increase (decrease) in cash and cash equivalents	(60.40)		(60.40)
Cash and cash equivalents at beginning of period	104.17		104.17
Effects of exchange rate changes on the balance of cash held in foreign currencies	–	–	–
Cash and cash equivalents at end of period	43.77		43.77

Analysis of cash and cash equivalents as at 31st March 2016 and 1st April 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	43.76	104.17
Bank Overdrafts which forms integral part of cash management system	–	–
Other adjustments (specify)	–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	43.76	104.17

(a) As required by the provisions of para 5.1.1 and para 5.2.1 of Ind AS 109 'Financial Instruments', the company has measured the current investments at fair value through profit or loss.

(b) As required by the provisions of para 120(c) read with 122 and 127 of Ind AS 19 'Employee Benefits", the actuarial gains/losses should be accounted as remeasurements of the net defined benefit liability(asset). The remeasurements will be recognised in other comprehensive income and shall not be reclassified to profit or loss in subsequent period but may be transferred within equity.

Note 34 – Details of Specified Bank Notes held and transacted during the specified period:

Particulars	Specified Bank Notes	Other denomination notes	Total
a. Closing cash in hand as on 08.11.2016	0.72	0.39	1.11
b. Permitted receipts	–	5.44	–
c. Permitted payments	0.72	5.38	–
d. Amount deposited in Banks	–	–	–
e. Closing cash in hand as on 30.12.2016	–	0.45	0.45

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April 2017

For and on behalf of Board of Directors
LORDS Freight (India) Private Limited

Krishnan Varada
Whole Time Director

Pirojshaw Sarkari
Director

Place : Mumbai
Date : 28th April 2017

DIRECTORS' REPORT

Your Directors present their Seventh Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Crores)

Particulars	For the year ended March 31, 2017#	For the year ended March 31, 2016#
Income		
Revenue from Operations (Gross)	**1,229.75**	1,001.94
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**1,229.75**	1,001.94
Other Income	**24.62**	7.72
Total Income	**1,254.37**	1,009.67
Expenses		
Cost of Raw Material and Components Consumed	**876.59**	771.89
(Increase)/Decrease in inventories	**1.01**	(1.49)
Employee Benefit Expenses	**70.41**	46.44
Other Expenses	**231.38**	157.76
Depreciation and Amortization Expenses	**4.60**	2.79
Finance Costs	**3.42**	(0.36)
Total Expenses	**1,187.42**	977.03
Profit/(Loss) before Tax	**66.95**	32.64
Provision for Tax	**25.06**	11.73
Profit for the year from continuing operations	**41.89**	20.91
Other comprehensive income	**(0.14)**	(0.09)
Balance of Profit from earlier years	**74.39**	53.57
Balance carried forward	**116.14**	74.39
Amount carried forward to reserves	**116.14**	74.39
Net worth	**550.33**	223.50

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 OF THE COMPANY

During the year under review, the Company recorded a 25% increase in revenues over the previous year at Rs. 1,254 crores. This has been achieved on the back of increase in projects under execution. With an improvement in margins, the Profit After Tax (PAT) touched Rs. 42 crores, an almost 100% increase over PAT of FY 2015-16. A significant achievement during the year was the execution of a 260 Megawatts (MW) project in Andhra Pradesh for a very prestigious international client. The policy environment continues to be positive and supportive of the grand ambitions of the Central Government of achieving 175 Gigawatts (GW) capacity by 2022. This augurs well for the Company to take advantage of the volume expansion for achieving higher growth.

Keeping the competition in mind and enhancing our value offering, the Company has started selling trackers from the current year. The Company is diversifying its offerings by focusing on adjacencies helping in achieving the vision of becoming an integrated green solutions entity.

FINANCIAL PERFORMANCE/OPERATIONS OF THE SUBSIDIARIES

The Company has nine (9) subsidiaries, the operations of which are mentioned below for the information of the shareholders:

Mahindra Renewables Private Limited ("MRPL") (Formerly known as 'Mahindra Offgrid Services Private Limited')

MRPL has been exploring various opportunities in the renewable energy space. During the year under review, MRPL has made investments in its two wholly owned subsidiaries viz., Divine Solren Private Limited, which is setting up a 50 Megawatts (MW) Alternate Current ("AC") solar power project at Adilabad District in the state of Telangana, and Neo Solren Private Limited, which is setting up a 42 MW AC solar power project at Wadekothapally District in the state of Telangana. MRPL has also won 250 MW AC solar power project to be executed in Rewa Ultra Mega Solar Park in the State of Madhya Pradesh.

MRPL's income for the year was Rs. 183.70 lakhs compared to Rs. 606.23 lakhs in the previous year. Loss after tax for the year was at Rs. 272.12 lakhs as compared to Profit after tax of Rs. 346.30 lakhs in the previous year.

Brightsolar Renewable Energy Private Limited ("Brightsolar")

Brightsolar has successfully operated the 10 MW AC solar power plant at Anantapur, District in the state of Andhra Pradesh. Brightsolar has earned Rs. 1,203.48 lakhs from the sale of power during the year. The foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

Brightsolar's income for the year was Rs. 1,221.67 lakhs as compared to Rs. 330.29 lakhs in the previous year. Profit after tax for the year was Rs. 22.78 lakhs as compared to Loss after tax of Rs. 39.69 lakhs in the previous year.

Cleansolar Renewable Energy Private Limited ("Cleansolar")

Cleansolar has successfully commissioned the 30 MW AC solar power plant at Tandur District in the state of Telangana. Cleansolar has earned Rs. 2,317.22 lakhs from the sale of power post commissioning. The foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

Cleansolar's income for the year was Rs. 2,353.05 lakhs compared to Rs. 101.81 lakhs in the previous year. Profit after tax for the year was Rs. 137.84 lakhs as compared to Loss after tax of Rs. 60.90 lakhs in the previous year.

Divine Solren Private Limited ("Divine")

Divine is setting up solar power plant of 50 MW AC in Adilabad District in the State of Telangana. The Company has incurred expenditure amounting to Rs. 302 Crores till 31st March 2017 for setting up these power plants. The Company has signed the Power Purchase Agreement with the Northern Power Distribution Company of Telangana Limited and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

Astra Solren Private Limited ("Astra")

Astra is setting up 2 solar power plants of 40 MW AC and 25 MW AC in Charanka Solar Park, Gujarat. Astra has incurred expenditure amounting Rs. 377 crores till 31st March 2017 for setting up these power plants. Astra has signed the Power Purchase Agreements (PPA) with Solar Energy Corporation of India (SECI) and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

Neo Solren Private Limited ("Neo")

Neo is setting up solar power plant of 42 MW AC in Wadekothapally District in the State of Telangana. The Company has incurred expenditure amounting to Rs. 9.92 crores till 31st March 2017 for setting up these power plants. The Company has signed the Power Purchase Agreement (PPA)with the Northern Power Distribution Company of Telangana Limited and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

Neo's income for the year was Rs. 129.64 Lakhs as compared to Rs. 13.64 Lakhs in the previous year. Profit after tax for the year was at Rs. 19.03 Lakhs as compared to Loss after tax of Rs. 33.72 Lakhs in the previous year.

Marvel Solren Private Limited ("Marvel")

During the year, there were no operations in Marvel.

Mahindra Suryaurja Private Limited ("Suryaurja")

During the year, Mahindra Renewables Private Limited (Wholly Owned Subsidiary) had purchased 100% stake held by Mahindra Solar One Private Limited in Suryaurja, and thereby Suryaurja became subsidiary of the Company. During the year, there were no operations in Suryaurja.

Machinepulse Tech Private Limited (Machinepulse)

During the year, there were no operations in Machinepulse.

DIVIDEND

Your Directors do not recommend any dividend with a view to conserve resources for the future growth of your Company.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Holdings Limited.

SUBSIDIARIES

During the year, Mahindra Renewables Private Limited (Wholly Owned Subsidiary) had purchased 100% stake held by Mahindra Solar One Private Limited in Suryaurja, and thereby Suryaurja became subsidiary of the Company.

None of the subsidiaries of the Company have declared dividend during the year.

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1, as **Annexure I** and forms part of this Annual Report.

DEMATERIALISATION OF SHARES

The shares of your Company had been admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE224X01010. Your Company has appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Memorandum of Association of your Company was changed for the following purpose(s):-

- **Capital Clause:** Increase in Authorized Share Capital from Rs. 100 Crores to Rs. 150 Crores;
- **Objects Clause:** Expansion of existing main objects clause of the Company to inter alia include carrying on the business as a producer and distributor of solar power, act as solar energy consultants and to carry out manufacturing of all parts/components/equipments, which are required for setting up, generation, running, operation and maintenance at any manufacturing plant.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on March 31, 2017 stood at Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crores) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Further issue of Share Capital

During the year under review, your Company made the following allotments to Mahindra Holdings Limited on Rights Basis:

- Allotment of 36,25,000 (Thirty Six Lakhs Twenty Five Thousand) equity shares of the face value of Rs. 10/- each at the premium of Rs. 30/- per share aggregating to Rs. 14.5 crores on August 12, 2016.
- Allotment of 3,22,25,000 (Three Crores Twenty Two Lakhs Twenty five Thousand) equity shares of the face value of Rs. 10/- each at the premium of Rs. 30/- per share aggregating to Rs. 128.9 crores on September 13, 2016.
- Allotment of 1,38,00,000 (One Crore Thirty Eight Lakhs) equity shares of the face value of Rs. 10/- each at the premium of Rs. 30/- per share aggregating to Rs. 55.2 crores on December 12, 2016.
- Allotment of 1,83,40,000 (One Crore Eighty Three Lakhs Forty Thousand) equity shares of the face value of Rs. 10/- each at the premium of Rs. 37/- per share aggregating to Rs. 86.20 crores on March 28, 2017.

Consequent to the above allotments, the issued, subscribed and paid-up share capital of your Company as on March 31, 2017 stood at Rs. 138,26,17,280/- divided into 13,82,61,728 equity shares of the face value of Rs. 10/- each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board are as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1	Mr. K. Chandrasekar	01084215	Non – Executive Director	Non – Independent Director	2
2	Mr. Satish Kamat	01536698	Non – Executive Director	Non – Independent Director	3
3	Mr. AKT Chari	00746153	Non – Executive Director	Independent Director	3
4	Mr. Noshir Dastur	00493177	Non – Executive Director	Independent Director	4
5	Mr. Ranjan Pant	00005410	Non – Executive Director	Non – Independent Director	2
6	Ms. Anita Arjundas	00243215	Non – Executive Director	Non – Independent Director	2
7	Mr. Parag Shah	00374944	Non – Executive Director	Non – Independent Director	4

Mr. Parag Shah (DIN: 00374944) was appointed as an Additional Director at the Board meeting held on October 09, 2015. The Company had received notice along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Parag Shah as candidate for office of Director of the Company. At the 6th (Sixth) Annual General Meeting ("AGM") of your Company held on July 28, 2016, the appointment of Mr. Parag Shah as the Director was approved by the members.

Mr. Ranjan Pant (DIN: 00005410) retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

During the year under review, the Board of Directors met four times i.e. on April 28, 2016, July 28, 2016, October 28, 2016 and February 02, 2017.

The Company has received declarations from Mr. AKT Chari and Mr. Noshir Dastur, 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.

All the Directors of your Company including the Independent Directors 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.

COMMITTEES OF THE BOARD AND NUMBER OF COMMITTEE MEETINGS

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

i) Nomination and Remuneration Committee ("NRC"):

The NRC members of the Board of Directors met once during the year under review, i.e. on April 28, 2016.

The Composition and the attendance at the meeting of the NRC is as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Mr. Noshir Dastur	Member	1
2	Mr. AKT Chari	Member	0
3	Mr. K. Chandrasekar	Member	1

ii) Audit Committee ("AC"):

The AC members of the Board of Directors met thrice during the year under review, i.e. on April 28, 2016, October 28, 2016 and February 02, 2017.

The Composition and the attendance at the meeting of the AC is as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Mr. Noshir Dastur	Member	3
2	Mr. AKT Chari	Member	2
3	Mr. K. Chandrasekar	Member	1

All the recommendations made by the Audit Committee have been accepted by the Board.

iii) Corporate Social Responsibility ("CSR") Committee:

The CSR Committee members of the Board of Directors met once during the year under review, i.e. on April 28, 2016.

The Composition and the attendance at the meeting of the CSR Committee is as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Mr. Satish Kamat	Member	1
2	Mr. AKT Chari	Member	0
3	Mr. K. Chandrasekar	Member	1

iv) Key Executives Stock Option Scheme Committee:

The Key Executives Stock Option Scheme Committee members of the Board of Directors did not meet during the year under review.

The Composition of the Executives Stock Option Scheme Committee is as under:

Sr. No.	Name of Directors	Designation
1	Mr. Satish Kamat	Member
2	Mr. AKT Chari	Member
3	Mr. K. Chandrasekar	Member

MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors of the Company met on October 28, 2016 without the presence of the other 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 and 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.

The 6th (Sixth) Annual General Meeting of your Company was held on July 28, 2016. There were two Extra-ordinary General Meetings of your Company i.e. on August 05, 2016 and November 08, 2016.

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 appointments/changes in Key Managerial Personnel took place.

Mr. Mandar Joshi (ACS: 21351) was appointed as Company Secretary (CS) with effect from July 28, 2016 pursuant to resignation of Mr. Mohammed Slatewala (ACS: 30888), as CS with effect from June 20, 2016.

The Key Managerial Personnel of the Company as on March 31, 2017 were as follows:-

- Chief Executive Officer: - Basant Jain
- Chief Financial Officer: - Roshan Gandhi
- Company Secretary: - Mandar Joshi

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 Meeting for facilitating the formal annual evaluation. The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) 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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the end of the financial year and of the Profit of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

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 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,
- Policy on the remuneration of Directors, key managerial personnel and other employees.

These policies are attached herewith as **Annexure II** and the same forms part of this report.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy 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 in appropriate or exceptional cases.

STATUTORY AUDITORS

At the 6th (Sixth) Annual General Meeting ("AGM") of your Company held on July 28, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) was appointed as the statutory auditor of your Company to hold office from the conclusion of the Sixth AGM until the conclusion of Seventh AGM.

Pursuant to the provision of Section 139 of the Companies Act, 2013, the members are requested to appoint M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) for a period of three years at the ensuing AGM and to fix their remuneration, subject to ratification at every AGM.

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 made, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Cost Audit were not applicable to your Company during Financial Year 2016-17.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Acquisory Consulting LLP, was appointed as the Internal Auditor of your Company for the year ended 31st March, 2017.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Sandeep Parekh & Co. Practicing Company Secretaries, (Certificate of Practice No. 7693) to undertake Secretarial Audit of the Company.

A secretarial audit report for the financial year ended March 31, 2017 issued by the Secretarial Auditor, pursuant to the aforesaid provisions is attached herewith in the prescribed Form MR 3 as **Annexure III**, and the same forms part of this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board/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 the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as **Annexure IV** and the same forms 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) POLICY

The Board had, pursuant to the recommendation of the Corporate Social Responsibility Committee approved the Corporate Social Responsibility Policy ("CSR Policy") and the same is being implemented by the Company. The CSR Policy including a brief overview of the projects or programs proposed to be undertaken can be accessed at the Company's website through the Web-link: http://www.mahindrasusten.com/images/reports/CSR-policy.pdf

A detailed annual report on the CSR activities undertaken by your Company in Financial Year 2016-17, is attached herewith as **Annexure V** and the same forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Particulars of loans given and investments made pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 6 and 7 of the financial statements and the same form part of this Report.

Particulars of guarantees given pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 32 of the financial statements and the same forms part of this Report.

Your Company has not availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 is annexed herewith as **Annexure VI** and the same forms part of this report.

KEY EXECUTIVES STOCK OPTION SCHEME

During the year under review, the Company has not granted any Stock Options to the employees under the Executive Stock Option Scheme. Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in **Annexure VII** to 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, 2017 in form MGT-9 is annexed herewith as **Annexure VIII** 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress the complaints received, if any, regarding sexual harassment. During the year under review, no complaints were received under the said Act.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme, save and except ESOS referred to in this Report.
3. The Company does not have a Managing Director/Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board

Mahindra Susten Private Limited

Parag Shah	**Satish Kamat**
Director	**Director**

Place: Mumbai
Date: April 25, 2017

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 Companies (Accounts) Rules, 2014

Statement Containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Details for FY 2016-17

Part "A" : Subsidiaries

(Rs. In Lakhs)

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	Date of become subsidiary	Performance of the company Also refer Note Profit/(Loss)
1.	Mahindra Renewables Private Limited (MRPL)	INR	NA	27,942.46	661.79	30,525.20	30,525.20	530.77	124.35	(292.51)	(20.38)	(272.12)	–	100%	100%	26-Jul-2010	(272.12)
2.	Machine Pulse Private Limited	INR	NA	5.00	(2.33)	4.65	4.65	–	–	(2.33)	–	(2.33)	–	100%	100%	5-Jan-2016	(2.33)
3.	Divine Solren Private Limited (Divine)	INR	NA	1,208.00	6,168.93	32,001.57	32,001.57	–	–	(230.86)	(58.32)	(172.54)	–	100%	100%	8-May-2015	(172.54)
4.	Cleansolar Renewable Energy Private Limited (Cleansolar)	INR	NA	962.30	5,166.75	26,262.07	26,262.07	–	2,317.22	197.57	59.74	137.83	–	100%	100%	3-Dec-2013	137.84
5.	Neo Solren Private Limited (Neo)	INR	NA	931.50	5,468.84	7,171.77	7,171.77	2,071.40	–	(25.74)	(44.77)	19.03	–	100%	100%	1-Jul-2015	19.02
6.	Marvel Solren Private Limited (Marvel)	INR	NA	1.00	(2.25)	1.21	1.21	–	–	(1.51)	(0.47)	(1.04)	–	100%	100%	10-Oct-2015	(1.04)
7.	Astra Solren Private Limited (Astra)	INR	NA	848.94	5,332.59	43,947.18	43,947.18	–	–	(461.66)	119.96	(341.70)	–	100%	100%	14-Oct-2015	(341.70)
8.	Mahindra Suryaurja Private Limited	INR	NA	6.00	(5.67)	5.06	5.06	–	–	(2.67)	–	(2.67)	–	100%	100%	16-Feb-2017	(2.67)
9.	Brightsolar Renewable Energy Private Limited (Brightsolar)	INR	NA	951.79	1,046.25	8,378.68	8,378.68	–	1,203.48	32.96	(10.19)	22.77	–	51%	51%	3-Dec-2013	22.78

Note:

1. The Contribution of the subsidiaries to the overall performance of the Holding Company in monetary terms was NIL, given that there was no dividend paid during the financial year 2016-17.
2. Mahindra Suryaurja Private Limited has become subsidiary with effect from February 16, 2017.

Part B: Associates/Joint Ventures : Not Applicable

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah
Director

Satish Kamat
Director

Place: Mumbai
Date: April 25, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

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 Susten Private Limited (Formerly known as 'Mahindra EPC Services Private Limited').

"**Employee**" means employee of the Company including employees in the Senior Management Team of the Company.

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

(i) Chief Executive Officer (CEO);

(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 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 sprit 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 GNRC 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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of 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:

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 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.

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

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

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

B. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES.

Overall Intent of Compensation Policy:

At Mahindra Susten Private Limited (Susten) we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy:

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy:

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.
- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements.
- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Employees and Key Management Personnel:

The company has a comprehensive HR policy manual which covers remuneration, employee benefits, special employee benefits, reimbursements, administrative policies etc.

Policy for Non-Executive Directors including Independent Directors:

The Nomination and Remuneration Committee 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 Committee 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 Companies Act 2013 and such other factors as the committee may consider deem fit for determining the compensation.

ANNEXURE III TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[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 Susten Private Limited
CIN: U74990MH2010PTC207854
Mahindra Towers, Dr. G. M. Bhosle Marg,
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 SUSTEN 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 my 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 inour opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, 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 Company for the financial year ended 31st March, 2017 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made there under;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - **Not applicable to the Company during the audit period**

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(4) 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**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): – **(Not applicable to the Company during the Audit Period)**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; – **(Not applicable to the Company during the Audit Period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; – **(Not applicable to the Company during the Audit Period)**

(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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; – **(Not applicable to the Company during the Audit Period)**

(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 during the Audit Period)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; – **(Not applicable to the Company during the Audit Period)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; – **(Not applicable to the Company during the Audit Period)**

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 have also examined compliances with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India.

2. The Listing Agreements entered into by the Company with Stock Exchange(s) – **Not Applicable**

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

Note: Please report specific non compliances/observations/ audit qualification, reservation or adverse remarks in respect of the above para wise. – **Nil**.

We further report that

The Board of Directors of the Company is duly constituted.

The following changes in the composition of the Board of Directors have taken place during the period under review:

Mr. Parag Shah was appointed as Additional Director on 9th October 2015, whose appointment was then approved by the shareholders at their AGM held on 28th July 2016.

Adequate notice is given to all directors to schedule the Board/ Committee 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.

As informed to us, 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.

Note: Please report specific observations/qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period - **Nil**

We further report that during the audit period there were following events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines:

1. The Company had increased the borrowing limits under sections 180(1)(c) and 180(1)(a) to Rs. 1,500 Crores at its Annual General Meeting ("AGM") held on July 28, 2016 and further increased the borrowing limits to Rs. 2,500 Crores at its Extra-ordinary General Meeting("EGM") held on August 5, 2016.
2. The Company had increased its investment limits under Section 186 of the Companies Act, 2013 upto an amount of Rs. 650 crores at its EGM held on August 5, 2016.
3. The Company had approved payment of remuneration by way of Commission to the Independent Directors of the Company in accordance with the provisions of the Companies Act, 2013, subject to the overall ceiling under the Companies Act, 2013 at its AGM held on July 28, 2016.
4. The Company has increased its Authorized Share Capital to Rs. 150 crores at its EGM held on August 5, 2016.
5. The Company had expanded its main objects Clause in the Memorandum of Association of the Company at its EGM held on August 5, 2016 to carry on the business as a producer and distributor of solar power and to act as solar energy consultants. The main objects clause in the Memorandum of Association was further amended at the EGM held on November 8, 2016 to include carrying on manufacturing of all parts, components and equipment's, which are required for setting up, generation, running, operation and maintenance at solar manufacturing plants.
6. Rights issue of shares offered to Mahindra Holdings Limited during the financial year 01.04.2016 - 31.03.2017:

Sr. No.	No. of equity shares offered	Date of Board meeting in which it was offered (DD/MM/YYYY)	No. of equity shares allotted	Date of allotment (DD/MM/YYYY)
1	4,96,50,000	28/07/2016	36,25,000	12/08/2016 (by circular resolution – Allotment Committee)
			3,22,25,000	13/09/2016 (by circular resolution – Allotment Committee)
			1,38,00,000	12/12/2016 (Allotment Committee Meeting)
2	2,00,00,000	02/02/2017	1,83,40,000	28/03/2017 (by circular resolution – Allotment Committee)

For Sandeep P. Parekh & Co.,

Company Secretaries

Sd/-

Sandeep P. Parekh
FCS No: 7118, CP No: 7693

Place: Navi Mumbai

Date: 24th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION Research & Development (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

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

(Rupees in Lakhs)

Total Foreign Exchange Earned and Outgo:	**For the Financial Year ended 31st March, 2017**	For the Financial Year ended 31st March, 2016
Total Foreign Exchange Earned	1,209.79	123.93
Total Foreign Exchange Outgo	1,243.50	27,632.30

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah **Satish Kamat**

Director **Director**

Place: Mumbai
Date: 25th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline on 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 Susten Private Limited ("Susten") is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of Susten is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, Susten pledges two per cent (2%) of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.
   b) The Company has adopted CSR policy which is available on: http://www.mahindrasusten.com/images/reports/CSR-policy.pdf
2. The Composition of the CSR Committee of the Board of Directors as on March 31, 2017:

Sr. No.	Name of Directors	Designation
1	Mr. AKT Chari	Member
2	Mr. Satish Kamat	Member
3	Mr. K. Chandrasekar	Member

3. Average net profit of the Company for last three three financial years: Rs. 1,823 Lakhs
4. Prescribed CSR expenditure (two per cent of amount as in item 3 above): Rs. 36.46 Lakhs
5. Details of CSR spent during the financial year (FY 2016-17):
   (a) Total amount spent for the financial year: Rs. 37.61 Lakhs
   (b) Amount unspent, if any: Nil
   (c) Manner in which the amount spent during the financial year is detailed below:

(Rs. In Lakhs)

CSR Project or Activity identified	Sector in which the project is identified	Projects or program me (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 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
Education	Education	Nanhi Kali Program across India	18.00	18.00	–	18.00	Through KC Mahindra Education Trust
Gram Vikas	Gram Vikas	Across India	6.01	6.01	–	6.01	Direct
Green Guardian	Green Guardian	Across India	0.80	0.80	–	0.80	Direct
Gyandeep	Gyandeep	Across India	4.43	4.43	–	4.43	Direct
Hariyali	Hariyali	Across India	3.13	3.13	–	3.13	Direct
Samantar	Samantar	Across India	1.10	1.10	–	1.10	Direct
Swacch Bharat	Swach Bharat	Across India	0.37	0.37	–	0.37	Direct
Sehat	Sehat	Across India	3.77	3.77	–	3.77	Direct
Total						**37.61**	

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 implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board
Mahindra Susten Private Limited

Satish Kamat — **Director**
AKT Chari — **Director**

Place:Mumbai,
Date: 25th April, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

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

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

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.	Particulars	Party 1	Party 2	Party 3
1	Name(s) of the related party and nature of relationship	Astra Solren Private Limited (Subsidiary Co)	Divine Solren Private Limited (Subsidiary Co)	Neo Solren Private Limited (Subsidiary Co)
2	Nature of Contracts/ arrangement/transaction	EPC Contracts	EPC Contracts	EPC Contracts
3	Duration of the contracts/ arrangements/ transactions	5 months	5 months	5 months
4	Salient terms of the contracts or arrangements or transactions including the value, if any	Construction of a solar power plant and related services provided by the Company for Rs. 37,210 Lakhs	Construction of a solar power plant and related services provided by the Company for Rs. 31,800 Lakhs	Construction of a solar power plant and related services provided by the Company for Rs. 25,610 Lakhs
5	Date(s) of approval by the Board, if any	Not applicable (Refer Note 2)		
6	Amount paid as advances, if any	Nil		

Note:

1. **Material Contracts:** covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014.

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.
2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah — **Director**

Satish Kamat — **Director**

Place: Mumbai
Date: 25th April, 2017

ANNEXURE VII TO THE DIRECTORS' REPORT

DISCLOSURE PURSUANT TO EMPLOYEE STOCK OPTION SCHEME

Details for the Financial Year 2016-17

(a)	Options granted	–	Nil
(b)	Options vested	–	Nil
(c)	Options exercised	–	Nil
(d)	The total number of shares arising as a result of exercise of option	–	Nil
(e)	Options lapsed	–	Nil
(f)	The exercise price	–	Nil
(g)	Variation of terms of options	–	Nil
(h)	Money realized by exercise of options	–	Nil
(i)	Total number of options in force	–	43,25,682 options
(j)	Employee wise details of options granted during the year to:		
	(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
Mahindra Susten Private Limited

Satish Kamat — **Director**

AKT Chari — **Director**

Place: Mumbai
Date: 25th April, 2017

ANNEXURE VIII TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on 31st March, 2017

[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**	U74990MH2010PTC207854
2.	**Registration Date**	September 19, 2010
3.	**Name of the Company**	Mahindra Susten Private Limited
4.	**Category/Sub-Category of the Company**	Public Company Limited by shares/Indian Non-Government Company
5.	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	**Whether listed Company (Yes/No)**	No
7.	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 6716 2222 Fax : 2300 1153 Email id : venu.sp@karvy.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	Engineering, procurement and construction	42201	97.80%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Holding Company	100	2(46)
3.	Mahindra Renewables Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Subsidiary Company	100	2(87)

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
4.	MachinePulse Tech Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U72300MH2016PTC271679	Subsidiary Company	100	2(87)
5.	Neo Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74999MH2015PTC266154	Subsidiary Company	100 #	2(87)
6.	Divine Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC264259	Subsidiary Company	100 #	2(87)
7.	Astra Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC269256	Subsidiary Company	100 #	2(87)
8.	Marvel Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74120MH2015PTC269074	Subsidiary Company	100 #	2(87)
9.	Cleansolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40108MH2013PTC250684	Subsidiary Company	100 #	2(87)
10.	Brightsolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40108MH2013PTC250683	Subsidiary Company	51@	2(87)
11.	Mahindra Suryaurja Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40103MH2012PTC226016	Subsidiary Company	100 #	2(87)

* Holding through its Subsidiary "Mahindra Holdings Limited"

\# a wholly-owned subsidiary of "Mahindra Renewables Private Limited"

@ a subsidiary of "Mahindra Renewables Private Limited"

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

i. <u>Category-wise Share Holding:</u>

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2016)				No. of Shares held at the end of the year (as on March 31, 2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	7,02,71,728	7,02,71,728	100	–	13,82,61,728	13,82,61,728	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 01, 2016)				No. of Shares held at the end of the year (as on March 31, 2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Sub-Total - A(1)	–	7,02,71,728	7,02,71,728	100	–	13,82,61,728	13,82,61,728	100	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total - A - (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	–	**7,02,71,728**	**7,02,71,728**	**100**	–	**13,82,61,728**	**13,82,61,728**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total - B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-total - B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**7,02,71,728**	**7,02,71,728**	**100**	–	**13,82,61,728**	**13,82,61,728**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2016)			Shareholding at the end of the year (as on March 31, 2017)			% change in share holding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Holdings Limited	7,02,71,727	100	–	13,82,61,727	100	–	–
2.	Mahindra Holdings Limited Jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
	TOTAL	**7,02,71,728**	**100**	**–**	**13,82,61,728**	**100**	**–**	**–**

* One share is held by Mahindra Holdings Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding:

Name of Promoter: Mahindra Holdings Limited including 1 share Jointly with Narayan Shankar	Shareholding at the beginning of the year (as on April 01, 2016)		Increase/ Decrease in No. of shares	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	7,02,71,728	100%			
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on August 12, 2016			36,25,000	7,38,96,728	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on September 13, 2016			3,22,25,000	10,61,21,728	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on December 12, 2016			1,38,00,000	11,99,21,728	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on March 28, 2017			1,83,40,000	13,82,61,728	100%
At the end of the year (as on March 31, 2017)				13,82,61,728	100%

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

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**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 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)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	**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 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	–	–	–	–

V. INDEBTEDNESS

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

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	34,478.63	–	–	34,478.63
– Reduction	–	–	–	–
Due to MTM as per IND AS	(453.90)			(453.90)
Net change	34,024.73	–	–	34,024.73
Indebtedness at the end of the financial year-31.03.2017	34,024.73	–	–	34,024.73
1) Principal Amount	34,024.73	–	–	34,024.73
2) Interest due but not paid	71.95	–	–	71.95
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	**34,095.98**	–	–	**34,095.98**

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	Name of the MD/WTD/Manager			Total Amount
		MD	WTD	Manager	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration of other Directors:

I. Independent Directors:-

(Rupees in Lakhs)

Particulars of Remuneration	Name of Directors		Total amount
	Noshir Dastur	AKT Chari	
Fee for attending Board / Committee meetings*	0.70	0.70	1.4
Commission**	5.00	5.00	10.00
Others	–	–	–
Total	**5.70**	**5.70**	**11.4**
* Overall Ceiling for sitting fees as per the Act, being Rupees One Lakh only per meeting as per Companies Act, 2013			
** Overall Ceiling for commission as per the Act, being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013), being Rs. 200.86 Lakhs			

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Finanical Officer	Company Secretary
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	1,40,63,569	30,70,360	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	39,600	–	–
	(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.	Performance Bonus	42,18,750	9,08,597	–
6.	**Others – Please specify**			
	Others – Fees	–	–	85,000
	Total (C)	**1,83,21,919**	**39,78,957**	**85,000**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT	–	–	–	–	–	–
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Mahindra Susten Private Limited

Parag Shah — **Director**
Satish Kamat — **Director**

Place: Mumbai
Date: April 25, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Susten Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences on account of conversion to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.
11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 32 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 and derivative contracts.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. According to the information and explanations given to us and as indicated in Note 13 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place : Mumbai
Date : April 25, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Mahindra Susten Private Limited for the year ended March 31, 2017.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (ii) The company has physically verified its fixed assets during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noted on such verification were not material and have been adjusted in the books of accounts..
   (iii) The title deeds of the freehold land are held in the name of the Company.
2. The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in the books of account.
3. The Company has granted an unsecured subordinated loan of Rs. 18 crores to its wholly owned subsidiary which listed in the register maintained under Section 189 of the Act.
   (i) As informed to us by management, the loan carries an initial term of 2 years. According to the information and explanations given to us, and having regard to management's representation that the loans is given to its wholly-owned subsidiary in the interest of the Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.
   (ii) there are no stipulations as to repayment of the principal amount of the loan beyond the initial period of 2 years. Interest on loan is payable at the end of each financial year. The interest on the loan has been received by the company post the Balance sheet date.
   (iii) As indicated in our comments in 3(i) above no portion of the principal amount of the loan is due upto 31st Mar, 2017 and the interest due has been paid post year end.
4. The loan referred to in clause 3 above and covered under Section 185 of the Act has in turn been used by the subsidiary of the company for lending the same to its wholly owned subsidiary company ("ultimate subsidiary") which has used it for its principal business activities. The activity of lending is not covered in the main object clause of Company's subsidiary. In our opinion and according to the information and explanations given to us, the provisions of Section 186 of the Act, have been complied with in respect of the loan granted, investments made and guarantees given by the Company as at March 31, 2017. We are informed that the Company has not given any security during the year.
5. The Company has not accepted any deposits within the meaning of Section 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 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) The Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.
   (ii) There are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute except as stated below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum
Income Tax Act, 1961	Additions on account of disallowance	27,560,340	Financial Year 2012/13	CIT (Appeals)

8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.
9. The money raised by the Company by way of buyers' credit term loans during the year has been utilised for the purposes for which it was taken. The Company has not neither raised any money by way of initial public offer nor any further public offer (including debt instruments).
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.
11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.
16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : April 25, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA SUSTEN 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 Susten Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS 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, 2017, 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 : April 25, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

Rupees

	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I. ASSETS				
Non-Current Assets				
(a) Property, Plant And Equipment	4	**3,514,972,745**	405,112,022	324,726,596
(b) Capital Work-in-Progress		**26,920,432**	47,288,995	16,734,271
(c) Other Intangible Assets	5	**–**	9,943,959	9,977,011
(d) Financial Assets				
(i) Investments	6	**2,858,280,000**	1,090,090,100	64,490,100
(ii) Loans	7	**180,000,000**	–	–
(iii) Other Financial Assets	8	**13,744,123**	137,500	120,000
(e) Deferred Tax Assets (Net)	9	**–**	53,053,020	28,203,940
(f) Other Non-Current Assets	10	**139,495,966**	–	–
Sub-Total		**6,733,413,266**	1,605,625,596	444,251,918
Current Assets				
(a) Inventories	11	**18,912,809**	34,044,437	3,801,565
(b) Financial Assets				
(i) Investments	6	**940,100**	10,803,337	–
(ii) Trade Receivables	12	**5,620,346,812**	3,370,647,049	1,532,312,528
(iii) Cash And Cash Equivalents	13	**23,153,473**	39,216,730	24,942,089
(iv) Other Bank Balances	13	**25,004,425**	23,422,996	22,245,023
(v) Loans	7	**–**	–	185,500,000
(vi) Other Financial Assets	8	**167,207,461**	49,492,732	34,386,259
(c) Other Current Assets	10	**310,647,236**	168,219,565	907,533,183
Sub-Total		**6,166,212,316**	3,695,846,846	2,710,720,647
Total Assets		**12,899,625,582**	5,301,472,442	3,154,972,565
II. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity Share Capital	SOCE,14	**1,382,617,280**	702,717,280	436,794,420
(b) Other Equity	SOCE	**4,120,680,252**	1,532,259,572	747,431,616
Sub-Total		**5,503,297,532**	2,234,976,852	1,184,226,036
Liabilities				
2. Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	**1,978,157,993**	–	–
(b) Provisions	16	**325,626,557**	183,348,090	95,276,980
(c) Deferred Tax Liabilities (Net)	9	**177,457,415**	–	–
Sub-Total		**2,481,241,965**	183,348,090	95,276,980
3. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**1,424,315,469**	–	–
(ii) Trade Payables	18	**2,393,599,021**	2,691,551,974	1,045,223,623
(iii) Other Financial Liabilities	19	**176,654,259**	101,310,393	42,190,263
(b) Provisions	16	**32,426,097**	21,884,233	11,547,436
(c) Other Current Liabilities	20	**888,091,239**	68,400,900	776,508,227
Sub-Total		**4,915,086,085**	2,883,147,500	1,875,469,549
Total		**12,899,625,582**	5,301,472,442	3,154,972,565

The accompanying notes 1 to 33 are an integral part of the Financial Statements
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

Parag Shah
Director

Satish Kamat
Director

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : April 25, 2017

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Rupees

Particulars	Note No.	For the Current year ended 31st March 2017	For the Current year ended 31st March 2017	For the last year ended, 31st March 2016
Continuing Operations				
I. Revenue from operations	21		**12,297,468,091**	10,019,431,634
II. Other Income	22		**246,195,900**	77,249,402
III. Total Revenue (I + II)			**12,543,663,991**	10,096,681,036
IV. Expenses				
(a) Cost of materials consumed	23(a)		**8,766,024,293**	7,718,941,439
(b) Cost of Services rendered			**1,875,206,096**	1,268,162,980
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	23(b)		**10,110,758**	(14,942,872)
(d) Employee benefit expense	24		**704,073,879**	464,404,546
(e) Finance costs	25		**34,168,282**	(3,649,694)
(f) Depreciation and amortisation expense	4, 5		**46,014,067**	27,949,285
(g) Other expenses	26		**438,547,148**	309,397,034
Total Expenses (IV)			**11,874,144,523**	9,770,262,718
Profit/(loss) before exceptional items and tax (I - IV)			**669,519,468**	326,418,318
Exceptional Items			**–**	–
V. Profit/(loss) before tax			**669,519,468**	326,418,318
VI. Tax Expense				
(1) Current tax	9		**–**	141,677,442
(2) Minimum Alternate Tax		**139,495,966**		–
(3) Minimum Alternate Tax Credit		**(139,495,966)**	**–**	–
(4) Short provision of Current Tax for earlier period			**19,287,871**	
(5) Deferred tax	9		**231,281,638**	(24,349,688)
Total tax expense			**250,569,509**	117,327,754
VII. Profit/(loss) after tax from continuing operations (V - VI)			**418,949,959**	209,090,564
VIII. Other comprehensive income			**1,457,194**	943,605
A (i) Items that will not be reclassified to profit or loss				
(a) Remeasurements of the defined benefit liabilities/(asset)			**2,228,398**	1,442,997
(ii) Income tax relating to items that will not be reclassified to profit or loss			**(771,204)**	(499,392)
IX. Total comprehensive income for the year (XV + XVIII)			**417,492,765**	208,146,959
X. Total comprehensive income for the year attributable to:				
Owners of the Company			**417,492,765**	208,146,959
XI. Earnings per equity share (for continuing operation):				
(1) Basic	27		**3.45**	3.64
(2) Diluted	27		**3.36**	3.43

The accompanying notes 1 to 33 are an integral part of the Financial Statements
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

Parag Shah
Director

Satish Kamat
Director

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : April 25, 2017

Basant Jain
Chief Executive Officer
Place : Mumbai
Date : April 25, 2017

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Cash flows from operating activities:		
Profit after tax for the year	**418,949,959**	209,090,564
Adjustments for:		
Income tax expense recognised in profit or loss	**250,569,509**	117,327,754
Amortisation of fair value of unvested ESOPs	**9,954,291**	6,617,763
Finance costs recognised in profit or loss	**34,168,282**	(3,649,694)
Investment income recognised in profit or loss	**(162,313,873)**	(32,208,928)
Depreciation and amortisation of non-current assets	**46,014,067**	27,949,285
Expense recognised in respect of shares issued in exchange for goods/services	**(7,106,376)**	
	171,285,900	116,036,180
Movements in working capital:		
Increase in trade and other receivables	**(2,249,699,763)**	(1,838,334,521)
(Increase)/decrease in inventories	**15,131,628**	(30,242,872)
(Increase)/decrease in other assets	**(136,378,701)**	747,157,517
Decrease in trade and other payables	**(327,744,959)**	1,646,328,351
Increase/(decrease) in provisions	**178,948,065**	104,032,969
(Decrease)/increase in other liabilities	**821,897,521**	(648,987,197)
	(1,697,846,209)	(20,045,753)
Income taxes paid	**(158,783,837)**	(142,176,834)
Net cash generated by operating activities	**(1,266,394,187)**	162,904,157
Cash flows from investing activities:		
Payments to acquire financial assets	**(1,951,933,286)**	(1,051,527,311)
Interest received	**38,550,175**	24,365,030
Repayments by related parties	**–**	185,500,000
Payments for property, plant and equipment	**(3,083,414,246)**	(138,856,382)
Payments for intangible assets		
Net cash outflow on acquisition of subsidiaries		
Net cash (used in)/generated by investing activities	**(4,996,797,357)**	(980,518,663)
Cash flows from financing activities:		
Proceeds from issue of equity instruments of the Company	**2,847,980,000**	835,986,094
Proceeds from borrowings	**3,447,863,341**	–
Interest on margin money deposits	**(15,81,429)**	(11,77,973)
Interest paid	**(47,133,625)**	(2,918,974)
Net cash used in financing activities	**6,247,128,287**	831,889,147
Net increase in cash and cash equivalents	**(16,063,257)**	14,274,641
Cash and cash equivalents at the beginning of the year	**39,216,730**	24,942,089
Cash and cash equivalents at the end of the year	**23,153,473**	39,216,730

The accompanying notes 1 to 33 are an integral 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
M. No. 105731
Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 25, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

A. Equity share capital

	Rupees
As at 1 April 2015	436,794,420
Changes in equity share capital during the year	265,922,860
As at 31 March 2016	702,717,280
Changes in equity share capital during the year	679,900,000
As at 31 March 2017	**1,382,617,280**

b. Other Equity

Rupees

	Securities Premium Reserve	Other Reserve (ESOP Outstanding A/c)	Retained Earnings	Total
As at 1 April 2015	203,205,568	8,510,817	535,715,231	747,431,616
Add: Sec Premium on Shares issued during the year	570,063,234	–	–	570,063,234
Profit for the period	–	6,617,763	209,090,564	215,708,327
Other Comprehensive Income/(Loss)	–	–	(943,605)	(943,605)
Total Comprehensive Income for the year	–	6,617,763	208,146,959	214,764,722
As at 31 March 2016	773,268,802	15,128,580	743,862,190	1,532,259,572
Add: Sec Premium on Shares issued during the year	2,168,080,000	–	–	2,168,080,000
Profit for the period	–	9,954,291	418,949,959	428,904,250
Other Comprehensive Income/(Loss)	–	–	(1,457,194)	(1,457,194)
Total Comprehensive Income for the year	–	9,954,291	417,492,765	427,447,056
Equity Share Issuance Costs	(7,106,376)	–	–	(7,106,376)
As at 31 March 2017	**2,934,242,426**	**25,082,871**	**1,161,354,955**	**4,120,680,252**

The accompanying notes 1 to 33 are an integral 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
M. No. 105731
Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board of Directors

Parag Shah
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : April 25, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1. Nature of Operations

Mahindra Susten Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Holdings Limited. The Company is engaged in the business of providing services in the areas of Engineering, Procurement and Construction of power plants in renewable energy, operations and maintenance, analytics, energy management services and industrial build solutions.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

2. Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 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) 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.

(i) EPC Contracts

Revenue from a fixed price contract is recognized on percentage of completion method measured on the basis of stage of completion of that contract activity at the end of the reporting period, measured based on certification done internally or by external consultants or customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income from a financial asset is recognised 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.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

(vi) Insurance claim

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.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

Depreciation on other tangible assets is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives or as prescribed in schedule II to the Companies Act 2013 whichever is higher. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Intangible Assets:

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation 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.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised 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 amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) 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. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable 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.

h) Foreign Exchange Transactions

Transactions in foreign currencies are initially 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.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

i) Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment Information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. Engineering, Procurement and Construction contracts.

k) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

l) Employee Benefits

(i) 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.

(ii) Post employment employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

a) Defined Contribution schemes

The 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.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

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 annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

m) Operating lease

Operating lease payments are recogonised as an expense in the statement of profit and loss on a straight line basis over the lease term.

n) Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

o) 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

p) Provisions and Contingent Liabilities

(i) Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

q) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss

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immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

r) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

s) 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 and, Diluted 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 adjusted for the effects of dilutive options.

t) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment, Investment Property, and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Employee benefits

The cost of defined benefit gratuity schemes, pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, attrition rate, future pension increases and medical costs. Due to the long term nature of these plans, such estimates are subject to uncertainty.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note 4. – Property, Plant and Equipment

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balanceas at 1 April 2016	251,021,345	130,819,871	46,854,249	3,406,556	7,390,115	439,492,136
Additions	–	3,138,220,325	13,926,493	84,890	–	3,152,231,708
Deductions/adjustments	–	12,373,054	11,680,860	1,913,172	–	25,967,086
Balanceas at 31 March 2017	**251,021,345**	**3,256,667,142**	**49,099,882**	**1,578,274**	**7,390,115**	**3,565,756,758**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2016	–	21,817,694	11,319,711	566,483	676,227	34,380,115
Depreciation expense for the year	–	19,309,098	10,174,428	321,075	895,303	30,699,904
Deductions/adjustments	–	9,136,993	4,694,703	464,310		14,296,006
Balance as at 31 March 2017	**–**	**31,989,799**	**16,799,436**	**423,248**	**1,571,530**	**50,784,013**
III. Net carrying amount (I-II)	251,021,345	3,224,677,343	32,300,446	1,155,026	5,818,585	3,514,972,745

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balanceas at 1 April 2015	248,264,426	50,430,781	31,319,688	2,684,227	3,982,297	336,681,419
Additions	2,756,919	80,389,091	15,534,561	722,329	3,407,818	102,810,717
Balance as at 31 March 2016	251,021,345	130,819,871	46,854,249	3,406,556	7,390,115	439,492,136
II. Accumulated depreciation and impairment						
Balance as at 1 April 2015	–	9,083,593	2,540,262	179,380	151,588	11,954,823
Depreciation expense for the year	–	12,734,101	8,779,449	387,103	524,639	22,425,292
Balance as at 31 March 2016	–	21,817,694	11,319,711	566,483	676,227	34,380,115
III. Net carrying amount (I-II)	251,021,345	109,002,178	35,534,538	2,840,073	6,713,888	405,112,022

Note 5. – Other Intangible Assets

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2016	22,112,344	22,112,344
Additions from separate acquisitions	5,370,204	5,370,204
Balance as at 31 March 2017	**27,482,548**	**27,482,548**

Description of Assets	Computer Software	Total
II. Accumulated depreciation and impairment		–
Balance as at 1 April 2016	12,168,385	12,168,385
Amortisation expense for the year	15,314,163	15,314,163
Balance as at 31 March 2017	**27,482,548**	**27,482,548**
III. Net carrying amount (I-II)	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Description of Assets	Computer Software	Total	Description of Assets	Computer Software	Total
I. Gross Carrying Amount			**II. Accumulated depreciation and impairment**		
Balance as at 1 April 2015	16,621,403	16,621,403	Balance as at 1 April 2015	6,644,392	6,644,392
Additions from separate acquisitions	5,490,941	5,490,941	Amortisation expense for the year	5,523,993	5,523,993
Balance as at 31 March, 2016	22,112,344	22,112,344	Balance as at 31 March, 2016	12,168,385	12,168,385
			III. Net carrying amount (I-II)	9,943,959	9,943,959

Note 6. – Cost

	As at 31st March 2017			As at 31st March 2016			As at 1st April 2015		
	QTY	Amounts*	Amounts*	QTY	Amounts*	Amounts*	QTY	Amounts*	Amounts*
Particular		**Current**	**Non-Current**		Current	Non-Current		Current	Non-Current
A. COST									
Unquoted Investments (all fully paid)									
Investments in Equity Instruments									
– of Subsidiaries	**279,580,000**		**2,858,230,000**	108,910,000		1,089,100,000	6,350,000		63,500,000
– of Other entities	**2,000**		**50,000**	2,000		50,000	2,000		50,000
INVESTMENTS CARRIED AT COST [A]	**279,582,000**	–	**2,858,280,000**	108,912,000	–	1,089,150,000	6,352,000	–	63,550,000
B. AMORTISED COST									
Unquoted									
Investments in Preference Shares									
– of structured entities	**94,010**	**940,100**	–	94,010		940,100	94,010		940,100
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]	**94,010**	**940,100**	–	94,010	–	940,100	94,010	–	940,100
C. Designated as Fair Value Through Profit and Loss									
Unquoted Investments (all fully paid)									
Investments in Mutual Funds					10,803,337				
INVESTMENTS CARRIED AT FVTPL [C]	–	–	–	–	10,803,337	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C)	**279,676,010**	**940,100**	**2,858,280,000**	109,006,010	10,803,337	1,090,090,100	6,446,010	–	64,490,100
List of entities									
Subsidiaries									
1. Mahindra Renewables Pvt Ltd	**279,530,000**	–	**2,857,730,000**	108,910,000	–	1,089,100,000	6,350,000	–	63,500,000
2. MachinePulse Tech Pvt Ltd	**50,000**		**500,000**						
Structured entities									
1. The Zoroastrian Co-operative Bank Ltd.	**2,000**	–	**50,000**	2,000	–	50,000	2,000	–	50,000
2. Renew Solar Energy (TN) Private Ltd.	**94,010**	**940,100**	–	94,010	–	940,100	94,010	–	940,100

Note 7. – Loans

	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
Particulars	**Current**	**Non-Current***	Current	Non-Current	Current	Non-Current
Loans to related parties						
– Unsecured, considered good		**180,000,000**	–	–	185,500,000	–
TOTAL (B)	**–**	**180,000,000**	–	–	185,500,000	–

*Unsecured loan given to Mahindra Renewables Pvt Ltd (MRPL) (100% subsidiary) is subordinated to the borrowings of MRPL @11.50%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 8. – Other financial assets

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Financial assets at amortised cost						
a) Bank Deposit with more than 12 months maturity		**138,181**		25,000		120,000
e) Others						
– Security deposits	**5,190,605**	**13,475,442**	11,705,795		5,505,000	
– Balance with Government Authorities		**130,500**		112,500	67,000	
– Earnest Money Deposits	**3,351,700**		2,885,480		1,756,700	
– Interest accrued on Bank Fixed Deposits	**1,044,089**		387,472		2,213,871	
– Interest receivable from customers	**157,621,067**		34,513,985		24,843,688	
TOTAL	**167,207,461**	**13,744,123**	49,492,732	137,500	34,386,259	120,000

Refer Note 40 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note 9. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 31st March 2015
Current Tax:			
In respect of current year	**–**	141,677,442	91,210,663
In respect of prior years	**19,287,871**		
Deferred Tax:			
In respect of current year origination and reversal of temporary differences	**231,281,638**	(24,849,080)	(7,843,120)
Total income tax expense on continuing operations	**250,569,509**	116,828,362	83,367,543

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Profit before tax from continuing operations	**669,519,468**	326,418,318
Income tax expense calculated at 34.61% (2016: 34.61%)#	**231,707,298**	112,966,851
Effect of income that is exempt from taxation	**(459,563)**	(2,744,268)
Effect of expenses that is non-deductible in determining taxable profit	**33,903**	7,105,171
	231,281,638	117,327,754
Adjustments recognised in the current year in relation to the current tax of prior years	**19,287,871**	
Income tax expense recognised In profit or loss from continuing operations	**250,569,509**	117,327,754
	250,569,509	117,327,754

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% & Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

Particulars	For the Year ended 31st March 2017 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**17,973,782**	**536,487,113**		**554,460,895**
	17,973,782	**536,487,113**	**–**	**554,460,895**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**499,392**		**771,204**	**1,270,596**
Provisions	**70,527,410**	**53,107,873**		**123,635,283**
Carryforward Tax Loss	**–**	**252,097,602**		**252,097,602**
	71,026,802	**305,205,475**	**771,204**	**377,003,481**
Net Tax Asset (Liabilities)	**53,053,020**	**(231,281,638)**	**771,204**	**(177,457,414)**

Particulars	For the Year ended 31st March 2016 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	8,105,679	9,868,103		17,973,782
	8,105,679	9,868,103	–	17,973,782
Tax effect of items constituting deferred tax assets				
Employee Benefits			499,392	499,392
Provisions	36,309,619	34,217,791		70,527,410
	36,309,619	34,217,791	499,392	71,026,802
Net Tax Asset (Liabilities)	28,203,940	24,349,688	499,392	53,053,020

Note 10. – Other assets

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non- Current	As at 31st March 2016 Current	As at 31st March 2016 Non- Current	As at 1st April 2015 Current	As at 1st April 2015 Non- Current
(a) Advances other than capital advances						
(i) Balances with government authorities (other than income taxes)	**84,900,338**		68,949,571			
(ii) Other advances						
– Advances to suppliers	**161,047,972**		51,393,611		879,861,061	
– Advances to employees	**9,924,579**		7,936,376		5,577,322	
– Insurance Claim Receivable	**–**		16,149,576			
– Prepaid Expenses	**–**		3,512,320			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non- Current	As at 31st March 2016 Current	As at 31st March 2016 Non- Current	As at 1st April 2015 Current	As at 1st April 2015 Non- Current
(b) Other Assets						
(i) Advance income tax (net of provisions)	**54,774,347**		20,278,111		22,094,800	
(ii) MAT credit entitlement		**139,495,966**				
Total	**310,647,235.65**	**139,495,966**	168,219,565	–	907,533,183	–

Note 11. – Inventories

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
(a) Work-in-progress (Construction Contracts)	**8,633,679**	18,744,437	3,801,565
(b) Stores and spares	**10,279,130**	15,300,000	–
Total Inventories (at lower of cost and net realisable value)	**18,912,809**	34,044,437	3,801,565

The carrying amount of inventories is provided as a charge against working capital limits provided by banks.

Note 12. – Trade receivables

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Trade receivables						
(a) Unsecured, considered good	**5,620,346,812**	**–**	3,370,647,049	–	1,532,312,528	–
TOTAL	**5,620,346,812**	**–**	3,370,647,049	–	1,532,312,528	–
Of the above, trade receivables from:						
- Related Parties	**1,960,321,000**	**–**	1,497,193,804	–	22,435,801	–
- Others	**3,660,025,812**	**–**	1,873,453,245	–	1,509,876,727	–
Total	**5,620,346,812**	**–**	3,370,647,049	–	1,532,312,528	–

There is no Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Note 13. – Cash and Bank Balances

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Cash and cash equivalents			
Balances with banks	**23,153,473**	39,216,730	24,942,089
Total Cash and cash equivalent	**23,153,473**	39,216,730	24,942,089
Other Bank Balances			
Balances with Banks:			
Margin Money Deposits with maturity greater than 3 months	**25,004,425**	23,422,996	22,245,023
Total Other Bank balances	**25,004,425**	23,422,996	22,245,023

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Total Cash and Cash Equivalents as per Balance Sheet	**23,153,473**	39,216,730	24,942,089
Add: Bank Overdraft	**–**	–	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**23,153,473**	39,216,730	24,942,089

Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8,2016	–	–	–
(+) Permitted receipts	–	–	–
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note 14. – Equity Share Capital

Particulars	As at 31st March 2017 No. of shares	As at 31st March 2016 No. of shares	As at 1st April 2015 No. of shares
Authorised:			
Equity shares of Rs. 10 each with voting rights	**1,50,00,00,000**	100,000,000	50,000,000
Issued, Subscribed and Fully Paid:			
Equity shares of Rs. 10 each with voting rights	**138,261,728**	70,271,728	43,679,442
Total	**138,261,728**	70,271,728	43,679,442

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights						
Year Ended 31 March 2017						
No. of Shares	70,271,728	67,990,000	–	–	–	138,261,728
Amount	702,717,280	679,900,000	–	–	–	1,382,617,280
Year Ended 31 March 2016						
No. of Shares	43,679,442	26,592,286	–	–	–	70,271,728
Amount	436,794,420	265,922,860	–	–	–	702,717,280
Year Ended 1 April 2015						
No. of Shares	28,000,000	15,679,442	–	–	–	43,679,442
Amount	280,000,000	156,794,420	–	–	–	436,794,420

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2017			
Mahindra Holdings Limited, the Holding Company	**138,261,728**	**–**	**–**
As at 31 March 2016			
Mahindra Holdings Limited, the Holding Company	70,271,728	–	–
As at 1 April 2015			
Mahindra Holdings Limited, the Holding Company	43,679,442	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Number of shares held	% holding in that class of shares	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 Holdings Limited, the Holding Company	**138,261,728**	**100%**	70,271,728	100%	43,679,442	100%

(v) As at 31 March 2017 - 43,25,682 shares (As at 31 March, 2016- 43,25,682 shares and As at 1 April 2015 - 40,86,827) were reserved for issuance as follows:

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Options (Numbers)	Exercise Price	Options (Numbers)	Exercise Price	Options (Numbers)	Exercise price
A. Options outstanding at the beginning of the year	**4,325,682**	**Rs. 21.52**	40,86,827	Rs 17.00	40,86,827	Rs 17.00
B. Granted during the year	**0**	**NA**	10,39,942	Rs 35.81	0	NA
C. Vested during the year	**0**	**NA**	10,47,650	Rs 17.00	0	NA
D. Exercised during the year	**0**	**NA**	0	0	0	NA
E. Lapsed during the year	**0**	**NA**	8,01,087	Rs 17.00	0	NA
F. Options outstanding at the end of the year (A+B-D-E)	**4,325,682**	**Rs. 21.52**	4,325,682	Rs. 21.52	4,086,827	Rs 17.00

Note 15. – Non-Current Borrowings

Rs. In crores

Particulars	Rate of Interest	Maturity	As at 31st March 2017 Amount	As at 31st March 2016 Amount	As at 1st April 2015 Amount
Measured at amortised cost*					
Secured Borrowings:					
Buyers Credit From Banks	6M LIBOR + Margin	2019–20	**1,978,157,993**	–	–
Total Borrowings			**1,978,157,993**	–	–

The Company has availed a facility for Letter(s) of Undertaking for Buyers' Credit to the extent of INR 230 Cr.

The buyers' credit facility is availed from foreign banks for USD 30.46 Mio at 6M LIBOR plus varying premium for a tenor of 988 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

The Company has hedged the entire Buyers' Credit exposure by taking a USD to INR Full Currency SWAP, agreed on spot reference based on the transaction date and an Interest Rate Swap from variable to fixed rate these deals help in mitigating the USD/INR exchange rate risk and variation in interest rates.

The said borrowings are secured against the working capital of the Company.

(i) Details of Long term Borrowings of the Company:

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Number of Installments	**Amortised cost as at 31st March 2017**
Secured						
Term loans from banks:						
SBI, Antwerp	USD	7.70%	7.67%	20/09/19	1	**147,338,820**
Canara Bank	USD	7.46%	7.43%	31/10/19	1	**5,118,100**
Canara Bank	USD	7.46%	7.43%	04/11/19	1	**283,609,070**
Canara Bank	USD	7.38%	7.35%	07/11/19	1	**285,697,919**
Canara Bank	USD	7.43%	7.40%	07/11/19	1	**34,107,178**
Canara Bank	USD	7.46%	7.43%	14/11/19	1	**292,022,991**
Canara Bank	USD	7.46%	7.43%	21/11/19	1	**97,114,021**
Canara Bank	USD	7.39%	7.36%	27/11/19	1	**285,697,919**
Canara Bank	USD	7.41%	7.38%	02/12/19	1	**284,336,059**
Canara Bank	USD	7.35%	7.33%	05/12/19	1	**263,115,916**
Total Secured						**1,978,157,993**

Note:

No default has been made in repayment of principal, interest, durring the year in any long term borrowings

Note 16. – Provisions

Rupees

	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
Particulars	**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Provision for employee benefits						
(1) Long-term Employee Benefits	**2,069,184**	**44,088,493**	2,239,065	34,820,943	835,691	16,191,598
(b) Other Provisions						
(1) Warranty	**30,356,913**	**281,538,064**	19,645,168	148,527,147	10,711,745	79,085,382
Total Provisions	**32,426,097**	**325,626,557**	21,884,233	183,348,090	11,547,436	95,276,980

Details of movement in Other Provisions is as follows:

Particulars	**Warranty claims**	**Other Provisions**	**Onerous contracts**	**Claims Against Guarantee Commitments**	**Total**
Balance at 1 April 2015	89,797,127	17,027,289	–	–	106,824,416
Additional provisions recognised	89,334,224	20,032,719	–	–	109,366,943
Amounts used during the period	(4,390,369)	–	–	–	(4,390,369)
Unwinding of discount and effect of changes in the discount rate	(6,568,668)	–	–	–	(6,568,668)
Balance at 31 March 2016	168,172,314	37,060,008	–	–	205,232,322
Balance at 1 April 2016	168,172,314	37,060,008	–	–	205,232,322
Additional provisions recognised	136,963,405	9,097,669	–	–	146,061,074
Amounts used during the period	–	–	–	–	–
Unused amounts reversed during the period	–	–	–	–	–
Unwinding of discount and effect of changes in the discount rate	6,759,258	–	–	–	6,759,258
Balance at 31 March 2017	**311,894,977**	**46,157,677**	**–**	**–**	**358,052,654**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period upto 5 years. It is expected that most of these costs will be incurred in the next five financial years.

Note 17. – Current Borrowings

Rupees

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Secured Borrowings			
Loans repayable on demand			
(1) WCDL from bank	**1,015,000,000**	–	–
(2) Cash Credit with bank	**409,315,469**	–	–
Total Current Borrowings	**1,424,315,469**	–	–

Note: The Company has various working capital limits from banks. As at March 31, 2017 the Company has drawn INR 101.50 Cr. against a sanctioned WCDL limit of INR 350 Cr. The Company has also drawn INR 40.93 Cr. from its cash credit limit with banks. The interest rate for the said borrowings range from 8.05 % – 8.40% p.a. The said borrowings are secured against the working capital of the Company.

Note 18. – Trade Payables

Particulars

	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade payable – Other than micro ans small enterprises	**2,393,599,021**	**–**	2,691,551,974	–	1,045,223,623	–
Total trade payables	**2,393,599,021**	**–**	2,691,551,974	–	1,045,223,623	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note 19. – Other Financial Liabilities

Rupees

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other Financial Liabilities Measured at Amortised Cost			
Current			
(a) Interest accrued	**9,298,270**	–	–
(b) Other liabilities			
(1) Creditors for capital supplies/services	**–**	47,590,908	–
(2) Retention Money			
(3) Other			
Salary and reimbursements	**97,075,250**	50,181,123	40,334,062
Provident Fund and other funds payable	**4,618,482**	3,538,362	1,856,201
Other Financial Liabilities Measured at Fair value			
Derivatives not designated as a hedging instruments	**65,662,257**	–	–
Total other financial liabilities	**176,654,259**	101,310,393	42,190,263

Note 20. – Other Liabilities

	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
Particulars	**Current**	**Non-Current**	Current	Non-Current	Current	Non-Current
a. Advances received from customers	**838,448,846**	**–**	24,674,967	–	756,420,339	–
b. Statutory dues						
– taxes payable (other than income taxes)	**49,642,393**		43,725,933		20,087,888	
Total other liabilities	**888,091,239**	**–**	68,400,900	–	776,508,227	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 21. – Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Particulars	For the Current year ended 31st March 17	For the last year ended 31st March 16
(a) Revenue from EPC Contracts	**12,026,093,338**	9,719,128,703
(b) Revenue from rendering of services	**194,145,888**	88,419,364
(c) Other operating revenue	**43,982,214**	68,917,137
(d) Construction contract revenue	**33,246,651**	142,966,430
Total Revenue from Operations	**12,297,468,091**	10,019,431,634

Note 22. – Other Income

Particulars	For the Current year ended 31st March 17	For the last year ended 31st March 16
(a) Interest Income		
(1) On Financial Assets at FVTPL	**160,978,464**	24,271,851
(b) Dividend Income		
(2) Mutual Funds	**1,335,409**	7,937,077
(c) Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**4,876,292**	16,149,576
(d) Other – Shared service income	**79,005,735**	28,890,898
Total Other Income	**246,195,900**	77,249,402

Note 23(a). – Cost of materials consumed

Particulars	For the Current year ended 31st March 17	For the last year ended 31st March 16
Opening stock	**15,300,000**	–
Add: Purchases	**8,761,003,423**	7,734,241,439
	8,776,303,423	7,734,241,439
Less: Closing stock	**10,279,130**	15,300,000
Less: Land in Stock transferred to Fixed Assets	**–**	–
Cost of materials consumed	**8,766,024,293**	7,718,941,439

Note 23(b). – Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the Current year ended 31st March 17	For the last year ended 31st March 16
Inventories at the end of the year:		
Work-in-progress	**8,633,679**	18,744,437
	8,633,679	18,744,437
Inventories at the beginning of the year:		
Work-in-progress	**18,744,437**	3,801,565
Stock-in-trade		
	18,744,437	3,801,565
Net (increase)/decrease	**10,110,758**	(14,942,872)

Note 24. – Employee Benefits Expense

Particulars	31st March 2017	31st March 2016
(a) Salaries and wages, including bonus	**632,715,941**	429,635,095
(b) Contribution to provident and other funds	**32,964,960**	23,407,815
(c) Staff welfare expenses	**38,392,978**	11,361,636
Total Employee Benefit Expense	**704,073,879**	464,404,546

Movement in Share Options

Particulars	Equity-settled share-based payments: Number of Shares	Equity-settled share-based payments: Weighted average exercise price (in INR)
1. The number and weighted average exercise prices of share options outstanding at the beginning of the period;	**4,325,682**	21.52
2. Granted during the period	**–**	NA
3. Forfeited during the period	**–**	NA
4. Exercised during the period	**–**	NA
5. Expired during the period	**–**	NA
6. Outstanding at the end of the period	**43,25,682**	21.52
7. Exercisable at the end of the period	**43,25,682**	21.52

Note 25. – Finance Cost (Net)

Particulars	31st March 2017	31st March 2016
(a) Interest expense	**37,596,177**	2,918,974
Less: Amounts included in the cost of qualifying assets	**(4,089,120)**	–
(b) Other borrowing cost	**17,166,152**	–
(c) Discounting of long term financial assets	**(16,504,927)**	(6,568,668)
Total finance costs (Net)	**34,168,282**	(3,649,694)

Analysis of Interest Expenses by Category

Particulars	31st March 2017	31st March 2016
Interest Expenses		
(a) On Financial Liability at Amortised Cost	**54,762,328**	2,918,974

Note 26. – Other Expenses

Particulars	31st March 2017	31st March 2016
(a) Rent including lease rentals	**37,108,278**	32,033,405
(b) Rates and taxes	**47,300**	100
(c) Insurance	**505,618**	11,518,909
(d) Repairs and maintenance - Others	**5,966,886**	4,823,736
(e) Advertisement	**10,292,051**	8,578,509
(f) Travelling and Conveyance Expenses	**61,838,052**	52,952,793

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	31st March 2017	31st March 2016
(g) Net loss/(gain) on foreign currency transactions net off Derivative gain/ loss (other than considered as finance costs)	**28,688,039**	748,420
(h) Auditors remuneration and out-of-pocket expenses	**1,268,588**	882,760
(i) As Auditors	**700,000**	800,000
(ii) For Taxation matters	**175,000**	75,000
(iii) For Company Law matters	**325,000**	–
(iv) For Other services	**68,588**	7,760
(i) Other expenses		
(i) Legal and other professional costs	**43,909,725**	42,380,627
(ii) Warranty Expenses (Net) [Refer Note 30]	**163,091,138**	89,334,224
(iii) Communication expenses	**12,594,628**	8,861,736
(iv) Printing & Stationary	**4,395,063**	3,607,876
(v) Software Expenses	**11,024,806**	3,822,011
(vi) Bank Charges	**36,114,999**	16,947,049
(vii) Miscellaneous expenses	**21,701,977**	32,904,879
Total Other Expenses	**438,547,148**	309,397,034

Note 27. – Earnings per Share

Particulars	31st March 2017 Per Share	31st March 2016 Per Share
Basic Earnings per share		
From continuing operations	**3.45**	3.64
From discontinuing operations		
Total basic earnings per share	**3.45**	3.64
Diluted Earnings per share		
From continuing operations	**3.36**	3.43
From discontinuing operations		
Total diluted earnings per share	**3.36**	3.43

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31st March 2017	31st March 2016
Profit/(loss) for the year attributable to owners of the Company	**418,949,959**	209,090,564
Weighted average number of equity shares	**121,273,836**	57,449,425
Earnings per share from continuing operations – Basic	**3.45**	3.64

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	31st March 2017	31st March 2016
Profit/(loss) for the year used in the calculation of basic earnings per share	**418,949,959**	209,090,564
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**418,949,959**	209,090,564
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**418,949,959**	209,090,564

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31st March 2017	31st March 2016
Weighted average number of equity shares used in the calculation of Basic EPS	**121,273,836**	57,449,425
Add: Effect of Warrants, ESOPs	**3,497,032**	3,497,032
Weighted average number of equity shares used in the calculation of Diluted EPS	**124,770,868**	60,946,457

Note 28. – Financial Instruments

Capital management

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 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 periodic 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 is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2017, 31 March 2017 2016 and 1 April 2015 is as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Debt (A)	**2,993,157,993**	–	–
Equity (B)	**5,503,297,532**	2,234,976,852	1,184,226,036
Debt Ratio (A/B)	**0.54**	1	1

The Company had no debts in FY 2014-15 and 2015-16.

Categories of financial assets and financial liabilities

As at 31st March 2017

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	**50,000**	–	**50,000**
Loans	**180,000,000**	–	–	**180,000,000**
Other Financial Assets				
– Non Derivative Financial Assets	**13,744,123**	–	–	**13,744,123**
Current Assets				
Investments	–	**940,100**	–	**940,100**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

	Amortised Costs	FVTPL	FVOCI	Total
Trade Receivables	**5,620,346,812**	–	–	**5,620,346,812**
Other Bank Balances	**25,004,425**	–	–	**25,004,425**
Other Financial Assets				
– Non Derivative Financial Assets.....	**167,207,461**	–	–	**167,207,461**
Non-current Liabilities				
Borrowings.....	**1,978,157,993**	–	–	**1,978,157,993**
Current Liabilities				
Borrowings.....	**1,424,315,469**	–	–	**1,424,315,469**
Trade Payables.....	**2,393,599,021**	–	–	**2,393,599,021**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**110,992,002**	–	–	**110,992,002**
– Derivative Financial Liabilities	–	**65,662,257**	–	**65,662,257**

As at 31st March 2016

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	50,000	–	50,000
Other Financial Assets				
– Non Derivative Financial Assets..	137,500	–	–	137,500
Current Assets				
Investments	–	11,743,437	–	11,743,437
Trade Receivables	3,278,726,315	–	–	3,278,726,315
Other Bank Balances	23,422,996	–	–	23,422,996
Other Financial Assets				
– Non Derivative Financial Assets..	49,492,732	–	–	49,492,732
Current Liabilities				
Trade Payables.....	2,691,551,974	–	–	2,691,551,974
Other Financial Liabilities				
– Non Derivative Financial Liabilities	101,310,393	–	–	101,310,393

As at 1st April 2015

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	50,000	–	50,000
Other Financial Assets				
– Non Derivative Financial Assets..	120,000	–	–	120,000
Current Assets				
Trade Receivables ..	1,532,312,528	–	–	1,532,312,528
Other Bank Balances	22,245,023	–	–	22,245,023
Loans.....	185,500,000	–	–	185,500,000
Other Financial Assets				
– Non Derivative Financial Assets	34,386,259	–	–	34,386,259
Current Liabilities				
Trade Payables.....	1,045,223,624	–	–	1,045,223,624
Other Financial Liabilities				
– Non Derivative Financial Liabilities	42,190,263	–	–	42,190,263

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk <list all such risks as applicable>. 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Apart from SBG Cleantech Project Co. Pvt. Ltd, the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company based on its assessment believes that there is no credit loss as on March 31, 2017 to be provided in the statement of profit and loss.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

The management of the Company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	2,504,591,022	–	–	–
Variable interest rate instruments	1,424,315,469	1,978,157,993	–	–
Total	3,928,906,491	1,978,157,993	–	–
31-Mar-16				
Non-interest bearing	2,792,862,367	–	–	–
Total	2,792,862,367	–	–	–
1-Apr-15				
Non-interest bearing	1,087,413,886	–	–	–
Total	1,087,413,886	–	–	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-17				
Net settled:				
– Interest rate swaps	–	62,556,031	–	–
– Foreign exchange forward contracts	3,106,226	–	–	–
Total	3,106,226	62,556,031	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-17** **INR**	31-Mar-16 INR	1-Apr-15 INR
Secured Bank Overdraft facility			
– Expiring within one year.....	–	–	–
– Expiring beyond one year.....	**1,097,526,538**	–	–
	1,097,526,538	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	**5,801,298,396**	–	–	–
Fixed interest rate instruments	**205,004,425**	–	–	–
Total	**6,006,302,821**	–	–	–
31-Mar-16				
Non-interest bearing	3,328,219,047	–	–	–
Fixed interest rate instruments	23,560,496	–	–	–
Total	3,351,779,543	–	–	–
1-Apr-15				
Non-interest bearing	1,752,198,787	–	–	–
Fixed interest rate instruments	22,365,023	–	–	–
Total	1,774,563,810	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging the transactions at the time the Company enters into a contract with its customers by passing the exchange risk to the customer. The foreign currency borrowings are entirely hedged for the entire period of the borrowing.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	**31-Mar-17**	31-Mar-16	1-Apr-15
Trade Receivables	USD	**66,600,000**	–	–
Trade Payables.....	USD	**89,366,611**	1,107,323,004	
	EUR	–	112,193,568	117,056,381
Secured Bank Loans	USD	**1,978,157,993**		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Trade Receivables ..	USD	**66,600,000**	–	–
Trade Payables (Refer Note 1).....	USD	**89,366,611**	1,107,323,004	–
Trade Payables	EUR		112,193,568	117,056,381

Note 1: Trade Payables on goods traded are hedged by way of a clause in the contract with the customers wherein the foreign currency risk is transferred to the customer.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	USD	+10%	(2,276,661)	–
	USD	-10%	2,276,661	–
31-Mar-16	USD	+8%	(88,585,840)	–
	USD	-8%	88,585,840	–
	EUR	+9%	(10,097,421)	–
	EUR	-9%	10,097,421	–

Profit is more sensitive to movements in the INR/USD rates in 2017 than 2016 because of the increased USD denominated borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. March 31, 2017 after taking into account the effect of interest rate swaps, approximately 58% of the Company's borrowings are at a fixed rate of interest (31 March 2016: Nil, 1 April 2015: Nil).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/decrease in basis points	Effect on profit before tax
31-Mar-17	INR	+50	(7,121,577)
	INR	-50	7,121,577

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 29. – Fair Value Measurement

Fair Valuation Techniques and Inputs used – recurring Items

Financial assets/financial liabilities measured at Fair value	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31st March 2017	31st March 2016	1st April 2015				
Financial assets							
Investments							
1) Equity investments.....	**990,100**	990,100	50,000	Level 3			
2) Mutual fund investments	**–**	10,803,337	–	Level 1	Market Value		
Total financial assets.....	**990,100**	11,793,437	50,000				
Financial liabilities							
Other Financial Liabilities							
1) Foreign currency forward contracts	**3,106,226**	–	–	Level 2	Derivative valuation by Banks		
2) Foreign currency & Interest rate swaps	**62,556,031**	–	–	Level 2			
Total financial liabilities	**65,662,257**	–	–				

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements, refer example below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

There were no significant inter-relationships between unobservable inputs that materially affects fair values.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March 2017 Carrying amount	31st March 2017 Fair value	31st March 2016 Carrying amount	31st March 2016 Fair value	1st April 2015 Carrying amount	1st April 2015 Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– investments in debt instruments						
– loans to related parties	**180,000,000**	**207,507,992**	–	–	185,500,000	185,500,000
– trade and other receivables	**5,620,346,812**	**5,620,346,812**	3,278,726,315	3,278,726,315	1,532,312,528	1,532,312,528
– Others	**205,956,009**	**205,956,009**	73,053,228	73,053,228	56,751,281	56,751,281
Total	**6,006,302,821**	**6,033,810,813**	3,351,779,543	3,351,779,543	1,774,563,809	1,774,563,809
Financial liabilities						
Financial liabilities held at amortised cost						
– bank loans	**3,402,473,462**	**3,402,473,462**	–	–	–	–
– trade and other payables	**2,504,591,022**	**2,504,591,022**	2,792,862,367	2,792,862,367	1,087,413,886	1,087,413,886
Total	**5,907,064,484**	**5,907,064,484**	2,792,862,367	2,792,862,367	1,087,413,886	1,087,413,886

	Fair value hierarchy as at 31st March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	**–**	**–**	**207,507,992**	**207,507,992**
– trade and other receivables	**–**	**–**	**5,620,346,812**	**5,620,346,812**
– Others	**–**	**–**	**205,956,009**	**205,956,009**
Total	**–**	**–**	**6,033,810,813**	**6,033,810,813**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**–**	**–**	**3,402,473,462**	**3,402,473,462**
– trade and other payables	**–**	**–**	**2,504,591,022**	**2,504,591,022**
Total	**–**	**–**	**5,907,064,484**	**5,907,064,484**

	Fair value hierarchy as at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	–	–	–
– trade and other receivables	–	–	3,278,726,315	3,278,726,315
– Others	–	–	73,053,228	73,053,228
Total	–	–	3,351,779,543	3,351,779,543
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	2,792,862,367	2,792,862,367
Total	–	–	2,792,862,367	2,792,862,367

	Fair value hierarchy as at 1 April 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	–	185,500,000	185,500,000
– trade and other receivables	–	–	1,532,312,528	1,532,312,528
– Others	–	–	56,751,281	56,751,281
Total	–	–	1,774,563,809	1,774,563,809
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans			–	–
– trade and other payables	–	–	1,087,413,886	1,087,413,886
Total	–	–	1,087,413,886	1,087,413,886

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Opening balance	**990,100**	50,000	50,000
Total gains or losses:			
– in profit or loss	**–**	–	–
– in other comprehensive income	**–**	–	–
Reclassification	**–**	–	–
From investment in associate to FVTOCI following partial sale of interest	**–**	–	–
Purchases	**–**	940,100	–
Issues	**–**	–	–
Disposals/settlements	**–**	–	–
Transfers out of level 3	**–**	–	–
Closing balance	**990,100**	990,100	50,000

Note 30. – Employee benefits

(a) Defined Contribution Plan
The Company's contribution to Provident Fund aggregating Rs. 2,55,16,021/- has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity
The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests 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, the 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.

Post retirement medical
The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Post retirement housing allowance
The Company operates a post retirement benefit scheme for a certain grade of employees in which a monthly allowance determined on the basis of the last drawn basic salary at the time of retirement, is paid to the retiring employee in lieu of housing.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields
A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk
Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate(s)	**7.50%**	8.00%	7.95%
Expected rate(s) of salary increase	**8.00%**	8.00%	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2017

Particulars	Funded Plan	Unfunded Plan
	Gratuity	
	2017	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**7,289,289**	–
Past service cost and (gains)/losses from settlements		
Net interest expense	**1,034,004**	–
Components of defined benefit costs recognised in profit or loss	**8,323,293**	–
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	**1,977,298**	(116,812)
Actuarial gains and loss arising form experience adjustments	**251,100**	1,559,809
Others (describe)		
Components of defined benefit costs recognised in other comprehensive income	**2,228,398**	1,442,997
Total	**10,551,691**	1,442,997
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**23,155,441**	12,990,712

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Funded Plan	Unfunded Plan
	Gratuity	
	2017	2016
2. Fair value of plan assets as at 31st March	**11,294,951**	–
3. Surplus/(Deficit)	**11,860,490**	12,990,712
4. Current portion of the above	**–**	131,334
5. Non current portion of the above	**11,860,490**	12,859,378
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**12,990,712**	6,978,617
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**7,289,289**	4,017,341
– Past Service Cost		
– Interest Expense (Income)	**1,034,004**	551,757
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**1,977,298**	–
iii. Experience Adjustments	**251,100**	–
5. Benefit payments	**(386,962)**	–
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	**23,155,441**	**11,547,715**
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**–**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**600,623**	–
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**–**	–
– Others (specify)	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**11,081,290**	–
6. Benefit payments	**(386,962)**	–
7. Fair value of plan assets at the end of the year	**11,294,951**	**–**
IV. The Major categories of plan assets ...		
– List the plan assets by category here		
Insured Funds	**LIC investments**	

Particulars	Funded Plan	Unfunded Plan
	Gratuity	
	2017	2016
V. Actuarial assumptions		
1. Discount rate	**7.50%**	8.00%
2. Expected rate of return on plan assets		
3. Attrition rate	**8.00%**	8.00%
4. Medical premium inflation		

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
	2017	**1.00%**		
Discount rate	2016	100.00%	-16.13%	20.48%
	2015	0.25%		
	2017	**0.50%**		
Salary growth rate	2016	100.00%	14.56%	-13.87%
	2015	0.60%		

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2017	2016	2015
Within 1 year			
1–2 year	**320,484**	393,232	76,546
2–3 year	**433,504**	365,952	91,527
3–4 year	**597,093**	464,659	198,064
4–5 year	**957,153**	651,564	276,894
5–10 years	**5,163,761**	2,712,583	1,771,298
10 years & above	**112,903,485**	71,598,301	39,854,917

The weighted average duration of the defined benefit obligation as at 31 March 2017 is 18.11 years (2016: 17.88 years, 2015: 18.40 years)

VIII. Experience Adjustments :	Period Ended				
	2017	2016	2015	2014	2013
	Gratuity				
1. Defined Benefit Obligation					
2. Fair value of plan assets	–	–	–	–	–
3. Surplus/(Deficit)	–	–	–	–	–
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	**1,627,775**	1,559,809	–	–	–
5. Experience adjustment on plan assets [Gain/ (Loss)]	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs. 83,23,293 has been included in profit or loss.

Note 31. – Related Party Transactions

Name of the Ultimate Holding	Mahindra & Mahindra Limited
Name of the parent Company	Mahindra Holdings Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Nature of transactions with Related Parties								
Sale of goods	**31-Mar-17**	**1,779,515**	–	**6,490,804,332**	–	**1,273,125**	–	**58,614,951**
	31-Mar-16	166,865,183	–	2,351,943,226	–	–	–	110,041,753
Purchase of goods	**31-Mar-17**	–	–	**10,372,500**	–	–	–	–
	31-Mar-16	–	–	–	–	–	–	–
Purchase of property and other assets.....	**31-Mar-17**	–	–	–	–	–	–	**567,521**
	31-Mar-16	–	–	–	–	–	–	–
Rendering of services....	**31-Mar-17**	**2,518,376**	–	**625,998,367**	–	**10,935,516**	–	**49,013,644**
	31-Mar-16	–	–	242,193,674	–	–	–	76,618,985
Receiving of services.....	**31-Mar-17**	**46,861,845**	–	–	–	–	–	**11,256,738**
	31-Mar-16	3,997,381	–	–	–	–	–	26,415,746
Loans given.....	**31-Mar-17**	–	–	**245,000,000**	–	–	–	–
	31-Mar-16	–	–	263,000,000	–	–	–	–
Loans given refunded....	**31-Mar-17**	–	–	**65,000,000**	–	–	–	–
	31-Mar-16	–	–	119,000,000	–	–	–	–
Equity contribution by the Company	**31-Mar-17**	–	–	**1,768,189,900**	–	–	–	–
	31-Mar-16	–	–	696,100,000	–	–	–	–
Equity contribution to the Company	**31-Mar-17**	**2,847,980,000**	–	–	–	–	–	–
	31-Mar-16	835,986,094	–	–	–	–	–	–

	Balance as on	Parent Company	Entities having joint control/significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Nature of Balances with Related Parties								
Trade Receivable	**31-Mar-17**	**10,983,027**	–	**1,858,037,262**	–	**2,994,761**	–	**88,305,950**
	31-Mar-16	–	–	1,481,171,001	–	–	–	16,022,803
Trade payables	**31-Mar-17**	**4,884,969**	–	**10,372,500**	–	–	–	**1,012,539**
	31-Mar-16	58,108,190	–	–	–	–	–	6,706,890
Loans & advances given.....	**31-Mar-17**	–	–	**180,000,000**	–	–	–	–
	31-Mar-16	–	–	–	–	–	–	–

	Balance as on	Parent Company	Entities having joint control/significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Guarantee given	**31-Mar-17**	–	–	**1,846,500,000**	–	–	–	–
	31-Mar-16	–	–	812,890,179	–	–	–	–
Interest Receivable ...	**31-Mar-17**	–	–	**3,448,305**	–	**2,631,889**	–	–
	31-Mar-16	–	–	–	–	–	–	–

Note 32. – Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Contingent liabilities			
(a) Claims against the Company not acknowledged as debt # (give details)	27,560,340	27,560,340	–
(b) Guarantees @ (give details)	1,846,500,000	812,890,179	1,193,541,159

Commitments

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	80,623,265	25,86,000	29,384,558

Note 33. – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	**As at 31st March 2016**	As at 1st April 2015
Equity as reported under previous GAAP	2,219,355,363	1,172,792,890
Ind AS: Adjustments increase (decrease):		
Deferred income tax	(8,267,503)	(5,887,178)
Warranty Provision.....	23,888,993	17,320,325
Equity as reported under IND AS.....	2,234,976,853	1,184,226,037

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	**Year Ended 31st March 2016**
Profit or Loss as per previous GAAP	210,576,379
Ind AS: Adjustments increase (decrease):	
Amortisation of fair value of unvested ESOPs	(6,617,763)
Discounting and reversal of provision for warranties.....	6,568,668
Deferred tax	(2,380,325)
Employee future benefits – actuarial gains and losses (Net of Tax)	943,605
Total adjustment to profit or loss	(1,485,816)
Profit or Loss under Ind AS	209,090,563
Other comprehensive income.....	–
Total comprehensive income under Ind ASs.....	209,090,563

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Under the previous GAAP Land was classified as inventory which has been reclassified to Property, Plant & Equipment as the same has been identified for setting up a power plant

The accompanying notes 1 to 33 are an integral part of the Financial Statements
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

Parag Shah
Director

Satish Kamat
Director

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : April 25, 2017

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mandar Joshi
Company Secretary
Place : Mumbai
Date : April 25, 2017

DIRECTORS' REPORT

Your Directors present their First Report together with the Audited Standalone Financial Statements of your Company for the period ended March 31, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the period ended 31st March, 2017 #
Income	–
Expenses	
Other Expenses	2.33
Depreciation and Amortization Expenses	–
Total Expenses	**2.33**
Profit/(Loss) before Tax	**(2.33)**
Provision for Tax	–
Profit/(Loss) for the period from continuing operations	**(2.33)**
Balance of Profit from earlier years	–
Balance carried forward	–
Amount carried forward to reserves	(2.33)
Net worth	**2.67**

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the period ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have not been stated as these are the first set of financial statements for the period starting from the date of incorporation of the Company i.e. January 05, 2016 to March 31, 2017.

No material changes and commitments has 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 OF THE COMPANY

The Company has not commenced its operations during the year under review.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

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

HOLDING COMPANY

Your Company is a wholly owned subsidiary of Mahindra Susten Private Limited.

SHARE CAPITAL

During the year under review, there has been no change in the Authorized or Paid-up share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2017 stood at Rs. 5,00,000/- (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2017 stood at Rs. 5,00,000/- (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

The Composition and the attendance at the meeting of the Board is as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1.	Basant Jain	00220395	Non – Executive Director	Non – Independent Director	5
2.	Roshan Gandhi	00010478			5

There have not been any changes in Directors during the year.

Mr. Basant Jain (DIN: 00220395) and Mr. Roshan Gandhi (DIN: 00010478) were appointed as the first Directors of the Company and they hold office upto the forthcoming Annual General Meeting of your Company.

The Company has received the notice(s) in writing along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Basant Jain and Mr. Roshan Gandhi, as candidates for the office of Director at the forthcoming Annual General Meeting (AGM) of the Company. Your Directors recommend

for your consideration, their appointment as Directors at the forthcoming AGM.

During the period under review, the Board of Directors met five times i.e. on February 02, 2016, April 15, 2016, August 08, 2016, November 29, 2016 and February 09, 2017.

Your Company is not required to constitute any mandatory Committees of the Board. Provisions relating to annual evaluation of Board / Committees are not applicable to your Company.

The provisions relating to appointment of KMPs as required under section 203 of the Companies Act, 2013 are not applicable to the Company as the Company's paid up capital is below the thresh hold limit specified therein.

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:

- 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 the end of the financial year and of the loss of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

STATUTORY AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the first statutory auditors of your Company at the Board Meeting of the Company held on February 02, 2016 to hold office upto the First Annual General Meeting ("AGM") of the Company.

The said Auditors have submitted their written consent to act as Statutory Auditors of your Company, if appointed by the members of the Company, 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.

Pursuant to the provision of Section 139 of the Companies Act, 2013, the members are requested to appoint M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) for a period of five years at the ensuing AGM and to fix their remuneration, subject to ratification at every AGM.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during the period ended March 31, 2017.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors has 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 as attached herewith as **Annexure I** and the same forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

Your Company has not accepted any deposits from the public, or its employees, during the period under review. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the period, during the period and at the end of the period. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your Company has not advanced any loan or made any investment or provided any guarantee which is required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There were no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013.

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, 2017 in form MGT-9 is annexed as **Annexure II** 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received, if any, regarding sexual harassment. During the period under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013, and implementation of Vigil Mechanism in accordance with Section 177(9) of the Companies Act, 2013, are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect of the following items during the period under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the period under review.

For and on behalf of the Board
Machinepulse Tech Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

- Energy Conservation measures taken:

  The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: NIL
- 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: NIL

B. TECHNOLOGY ABSORPTION

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

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

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

Foreign Exchange earnings- **NIL**

Foreign Exchange outgo - **NIL**

For and on behalf of the Board
Machinepulse Tech Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the period ended March 31, 2017
[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	U72300MH2016PTC271679
2.	Registration Date	January 05, 2016
3.	Name of the Company	Machinepulse Tech Private Limited
4.	Category/Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
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:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company #
–	–	–	–

The Company is yet to commence operations

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Immediate Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Susten Private 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 period (as on 05.01.2016)				No. of Shares held at the end of the period (as on 31.03.17)				% of change during the period
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. **Indian**									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	50,000	50,000	100	–	50,000	50,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A-(1)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–
2. **Foreign**									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate									
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the period (as on 05.01.2016)				No. of Shares held at the end of the period (as on 31.03.17)				% of change during the period
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
2. **Non-Institution**									
a. Body Corporate	–	–	–	–	–	–	–	–	–
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									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**50,000**	**50,000**	**100**	–	**50,000**	**50,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the period (as on 05.01.2016)			Shareholding at the end of the period (as on 31.03.2017)			% change in shareholding during the period
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mahindra Susten Private Limited	49,999	100	–	49,999	100	–	–
2	Mahindra Susten Private Limited jointly with Roshan Gandhi*	1	–	–	1	–	–	–
	TOTAL	**50,000**	100	–	**50,000**	100	–	–

* One share is held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: There are no changes in promoter shareholding

Particulars	Shareholding at the beginning of the period (as on 05.01.2016)		Cumulative Shareholding during the period (as on 31.03.2017)	
Promoters Mahindra Susten Private Limited including 1 share jointly held with Roshan Gandhi	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the period	50,000	100	50,000	100
At the end of the period (As on 31.3.2017)			**50,000**	**100**

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

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	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 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)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	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 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	–	–	–	–

V. INDEBTEDNESS

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

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the current period ended 31.03.2017				
1. Principal Amount	–	–	–	–
2. Interest due but not paid	–	–	–	–
3. Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–
Change in Indebtedness during the period				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the period ended 31.03.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–

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	Name of the MD/WTD/ Manager	Total Amount
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors (Independent Directors/Other Non-Executive Directors):

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Overall Cieling as per the Act.	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD: Not Applicable

		(Amount in Rupees)		
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
1	**Gross Salary**	**Chief Executive Officer**	**Chief Financial Officer**	**Company Secretary**
	(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	–	–	–
	Total	–	–	–

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES (Under the Companies Act): 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)**
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
Other Officers In Default	–	–	–	–	–	–
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Machinepulse Tech Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Machine Pulse Tech Private Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **MachinePulse Tech Private Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2017 and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then 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 possible.

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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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.

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 has made provision as required under applicable law or accounting standards, for material foreseeable losses, if any on long-term and derivative contracts.

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. According to the information and explanations given to us and as indicated in Note 4 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place : Mumbai
Date : 25th April, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Machinepulse Tech Private Limited for the year ended 31st March, 2017.

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. The Company did not have any activity during the year except for certain administrative expenses incurred did not have any transactions during the year. Accordingly the provisions of para 3(i)-(vi), (viii) (ix) and (xiv) are not applicable to the Company.

2. (i) The Company is regular in depositing the undisputed statutory dues relating to taxes deducted at source with the appropriate authorities. The provisions of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax and cess are not applicable. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on 31st March, 2017 for a period of more than 6 months from the date they became payable.

   (ii) There are no taxes deducted at source which have not been deposited on account of any dispute.

3. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.

4. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

5. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

6. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.

7. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.

8. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

9. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place : Mumbai
Date : 25th April, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MACHINE PULSE TECH 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 **Machine Pulse Tech Private Limited** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS 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 31st March, 2017, 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
Date : 25th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

		Note No.	Rupees As at 31st March, 2017
I	**ASSETS**		
	CURRENT ASSETS		
	(a) Financial Assets		
	(i) Cash and Cash Equivalents	**4**	**365,806**
	(b) Other Current Assets	**5**	**99,025**
	TOTAL ASSETS		**464,831**
II	**EQUITY AND LIABILITIES**		
1	**EQUITY**		
	(a) Equity Share Capital	**SOCE, 6**	**500,000**
	(b) Other Equity	**SOCE**	**(233,167)**
	SUB-TOTAL		**266,833**
	LIABILITIES		
2	**CURRENT LIABILITIES**		
	(a) Financial Liabilities		
	(i) Trade Payables	**7**	**191,189**
	(ii) Other Financial Liabilities	**8**	**6,809**
	SUB-TOTAL		**197,998**
	TOTAL EQUITY AND LIABILITIES		**464,831**

The accompanying notes 1 to 13 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Company
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain — Director
Roshan Gandhi — Director

Place : Mumbai
Date : 25th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

Particulars	Note No.	Rupees For the current period ended 31st March, 2017
Continuing Operations		
I Revenue		**–**
II Expenses		
Other expenses	**9**	**233,167**
Total Expenses (II)		**233,167**
III Loss before tax (I-II)		**(233,167)**
IV Tax Expense		
(1) Current tax		**–**
(2) Deferred tax		**–**
Total tax expense		**–**
V Loss after Tax (III-IV)		**(233,167)**
VI Loss from continuing operations for the period attributable to:		
Owners of the Company		**(233,167)**
Non controlling interests		**–**
VII Other comprehensive income		**–**
A (i) Items that will not be recycled to profit or loss		**–**
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**
B (i) Items that may be reclassified to profit or loss		**–**
(ii) Income tax on items that may be reclassified to profit or loss		**–**
VIII Total comprehensive income for the period		**(233,167)**
IX Total comprehensive income for the period attributable to:		
Owners of the Company		**(233,167)**
Non controlling interests		**–**
X Earnings per equity share (for continuing operation):		
(1) Basic	**10**	**(4.66)**
(2) Diluted	**10**	**(4.66)**
XI Earnings per equity share (for continuing and discontinued operations):		
(1) Basic	**10**	**(4.66)**
(2) Diluted	**10**	**(4.66)**

The accompanying notes 1 to 13 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Company
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain — Director
Roshan Gandhi — Director

Place : Mumbai
Date : 25th April, 2017

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH, 2017

Particulars	Note No.	For the current period ended 31st March, 2017
Cash flows from operating activities		
Loss after tax for the year	P L	(233,167)
Movements in working Capital		
(Increase)/decrease in other assets	5	(99,025)
Decrease in trade and other payables	7	191,189
(Decrease)/increase in other liabilities	8	6,809
Cash generated from operations		98,973
Income taxes paid		–
Net cash (used in)/generated by operating activities		(134,194)
Net Cash flows from investing activities		–
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	6	500,000
Net cash used in financing activities		500,000
Net increase in cash and cash equivalents		365,806
Cash and cash equivalents at the beginning of the year		–
Cash and cash equivalents at the end of the year	4	365,806

In terms of our report attached.
For B K Khare & Company
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2017

A. Equity share capital	**Rupees**
Particulars	Amount
As at 1 April 2015	–
Changes in equity share capital during the year	500,000
As at 31 March 2016	500,000
Changes in equity share capital during the year	–
As at 31 March 2017	**500,000**

B. Other Equity **Rupees**

	Reserves and Surplus		
Particulars	**General Reserve**	**Retained Earnings**	**Total**
As at 1 April 2015	–	–	–
Profit/(Loss) for the period	–	–	–
Any other changes (to be specified)	–	–	–
As at 31 March 2016	–	–	–
Profit/(Loss) for the period	–	(233,167)	(233,167)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(233,167)	(233,167)
Dividend paid on Equity Shares	–	–	–
Any other changes (to be specified)	–	–	–
As at 31 March 2017	**–**	**(233,167)**	**(233,167)**

In terms of our report attached.
For B K Khare & Company
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain — Director
Roshan Gandhi — Director

Place : Mumbai
Date : 25th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

MachinePulse Tech Private Limited ('the Company') Incorporated on 05/01/2016 is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business of providing services in the areas of designing developing customising implementing maintaning testing benchmarking analsing and dealing software and data analytics.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31st March 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

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 recognized prospectively in current and future periods.

c) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

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 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 is measured based on the tax rates and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

f) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income ” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/ agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

h) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) 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 and,

j) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 4 – Cash and Bank Balances

Particulars	Rupees As at 31st March, 2017
Cash and cash equivalents	
(a) Balances with banks	**365,806**
(b) Cheques, drafts on hand	**–**
(c) Cash on hand	**–**
(d) Others	**–**
Total Cash and cash equivalent	**365,806**

Reconciliation of Cash and Cash Equivalents

Particulars	Rupees As at 31st March, 2017
Cash and cash equivalents	
Total Cash and Cash Equivalents as per Balance Sheet	**365,806**
Add: Bank Overdraft	
Add: Cash and bank balances included in a disposal group held for sale	**–**
Total Cash and Cash Equivalents as per Statement of Cashflow	**365,805.62**

Notes

Cash and cash equivalents include cash in hand and in banks, net of overdraft.

Notes:

(2) Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(–) Permitted payments	–	–	–
(–) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note No. 5 – Other assets

Particulars	Rupees As at 31st March, 2017 Current	Non-Current
Advances other than capital advances		
(i) Security Deposits	**25,000**	**–**
(ii) Other advances (Advance to tax consultant)	**74,025**	**–**
Total Other assets	**99,025**	**–**

Note No. 6 – Equity Share Capital

Particulars	Rupees As at 31st March, 2017 No. of shares	Share Capital
Authorised:		
Equity shares of Rs.10 each with voting rights	**60,000**	**600,000**
Issued, Subscribed and Fully Paid:		
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**
Total Equity Share Capital	**50,000**	**500,000**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Period Ended 31 March 2017						
No. of Shares	–	50,000	–	–	–	50,000
Amount in Rupees		500,000	–	–	–	500,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2017			
Mahindra Susten Private Limited (Holding Company)	50,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2017 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mahindra Susten Private Limited (Holding Company)	50,000	100%

Note No. 7 – Trade Payables

Particulars	Rupees As at 31st March, 2017 Current	Non Current
Trade payable - Micro ans small enterprises	**–**	**–**
Trade payable - Other than micro ans small enterprises	**191,189**	**–**
Total Trade payables	**191,189**	**–**

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers asMicro and small enterprises covered under the "Micro small and Medium enterprises development Act 2006" was done on the basis of the information to the extent provided by the supplier to the company.

Note No. 8 – Other Financial Liabilities

Particulars	Rupees As at 31st March, 2017
Other liabilities	
Other Statutory Dues payable to Govt. (other than income tax)	**6,809**
Total other financial liabilities	**6,809**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 9 – Other Expenses

Particulars			Rupees For the year ended 31st March, 2017
(a)	Rates and taxes		2,500
(b)	ROC Fees and charges		2,200
(c)	Auditors remuneration and out-of-pocket expenses		
	(i)	As Auditors- statutory audit fees	25,000
	(ii)	For Taxation matters	–
	(iii)	For Company Law matters	–
	(iv)	For Other services	–
	(v)	For reimbursement of expenses	–
(d)	Other expenses		
	(i)	Legal and other professional costs	198,226
	(ii)	Miscellaneous expenses	5,241
Total Other Expenses			233,167

Note No. 10 – Earnings per Share

Particulars	Rupees For the period ended 31st March, 2017
Basic Earnings per share	
From continuing operations	(4.66)
From discontinuing operations	–
Total basic earnings per share	(4.66)
Diluted Earnings per share	
From continuing operations	(4.66)
From discontinuing operations	–
Total diluted earnings per share	(4.66)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the period ended 31st March, 2017
Profit/(loss) for the year attributable to owners of the Company	(233,167)
Less: Preference dividend and tax thereon	–
Profit/(loss) for the year used in the calculation of basic earnings per share	(233,167)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–
Profits used in the calculation of basic earnings per share from continuing operations	(233,167)
Weighted average number of equity shares	50,000
Earnings per share from continuing operations - Basic	(4.66)

Note No. 11 – Financial Instruments

Capital management

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.

	31-Mar-17
Equity	500,000
Less: Cash and cash equivalents	365,806
	134,194

Categories of financial assets and financial liabilities

As at 31st March, 2017 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings				
Trade Payables	191,189	–	–	191,189
Other Financial Liabilities				
- Non Derivative Financial Liabilities	6,809	–	–	6,809

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	197,998	–	–	–
Total	197,998	–	–	–

Note No. 12 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	Rupees As at 31st March, 2017 Carrying value	Fair value
Financial assets	–	–
Financial liabilities		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	As at 31st March, 2017 Carrying value	Fair value
Financial liabilities held at amortised cost		
– trade and other payables	**197,998**	**197,998**
Total	**197,998**	**197,998**

	Fair value hierarchy as at 31st March, 2017 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	**–**	**–**	**197,998**	**197,998**
Total	**–**	**–**	**197,998**	**197,998**

13. Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Parent Company
Nature of transactions with Related Parties			
Deposit taken			30,000
Receiving of services	31-Mar-17	108,282	–
Equity contribution to the Company	31-Mar-17	–	500,000

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company
Trade payables	31-Mar-17	98,833	30,000

In terms of our report attached.
For B K Khare & Company
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2017

DIRECTORS' REPORT

Your Directors present their Seventh Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended March 31, 2017 #**	For the year ended March 31, 2016 #
Income		
Revenue from Operations (Gross)	**124.35**	–
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**124.35**	–
Other Income	**59.35**	606.24
Total Income	**183.70**	606.24
Expenses		
Cost of Raw Material and components consumed	**103.10**	–
(Increase)/Decrease in inventories	**–**	–
Employee Benefit Expenses	**–**	–
Other Expenses	**357.18**	147.95
Depreciation and Amortization Expenses	**7.72**	0.25
Finance Costs	**8.21**	80.29
Total Expenses	**476.21**	228.49
Profit/(Loss) before Tax	**(292.51)**	377.74
Provision for Tax	**(20.38)**	31.44
Profit/(Loss) for the year from continuing Operations	**(272.12)**	346.30
Balance of Profit from earlier years	**322.51**	(23.79)
Balance carried forward	**50.39**	322.51
Amount carried forward to reserves	**50.39**	322.51
Net worth	**28,604.25**	11,202.98

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 OF THE COMPANY

The Company has been exploring various opportunities in the renewable energy space. During the year under review, the Company has made investments in its two wholly owned subsidiaries viz., Divine Solren Private Limited, which is setting up a 50 Mega Watt ("MW") Alternate Current ("AC") solar power project at Adilabad District in the state of Telangana and Neo Solren Private Limited, which is setting up a 42 MW AC solar power project at Wadekothapally District in the state of Telangana. The Company has also won 250 MW AC solar power project to be executed in Rewa Ultra Mega Solar Park in the State of Madhya Pradesh.

The Company's income for the year was Rs. 183.70 lakhs compared to Rs. 606.23 lakhs in the previous year. Loss after tax for the year was at Rs. 272.12 lakhs as compared to Profit after tax of Rs. 346.30 lakhs in the previous year.

FINANCIAL PERFORMANCE/OPERATIONS OF THE SUBSIDIARY COMPANIES

The Company has seven (7) subsidiaries, the operations of which are mentioned below for the information of the shareholders:

Brightsolar Renewable Energy Private Limited ("Brightsolar")

Brightsolar has successfully operated the 10 MW AC solar power plant at Anantapur, District in the state of Andhra Pradesh. Brightsolar has earned Rs. 1,203.48 lakhs from the sale of power during the year. The foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

Brightsolar's income for the year was Rs. 1,221.67 lakhs as compared to Rs. 330.29 lakhs in the previous year. Profit after tax for the year was Rs. 22.78 lakhs as compared to Loss after tax of Rs. 39.69 lakhs in the previous year.

Cleansolar Renewable Energy Private Limited ("Cleansolar")

Cleansolar has successfully commissioned the 30 MW AC solar power plant at Tandur District in the state of Telangana. Cleansolar has earned Rs. 2,317.22 lakhs from the sale of power post commissioning. The foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

Cleansolar's income for the year was Rs. 2,353.05 lakhs compared to Rs. 101.81 lakhs in the previous year. Profit after tax for the year was at Rs. 137.84 lakhs as compared to Loss after tax of Rs. 60.90 lakhs in the previous year.

Astra Solren Private Limited ("Astra")

Astra is setting up 2 Solar Power plants of 40 Mega Watt (MW) Alternate Current (AC) and 25 MW AC in Charanka Solar Park, Gujarat. Astra has incurred expenditure amounting to Rs. 377 Crores till 31st March, 2017 for setting up these power plants. Astra has signed the Power Purchase Agreements (PPA) with Solar Energy Corporation of India (SECI) and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

Divine Solren Private Limited ("Divine")

Divine is setting up Solar Power Plant of 50 Mega Watt (MW) Alternate Current (AC) in Adilabad District in the State of Telangana. The Company has incurred expenditure amounting to Rs. 302 Crores till 31st March, 2017 for setting up these power plants. The Company has signed the Power Purchase Agreement with Northern Power Distribution Company of Telangana Limited and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

Neo Solren Private Limited ("Neo")

Neo is setting up Solar Power Plant of 42 Mega Watt (MW) Alternate Current (AC) in Wadekothapally District in the State of Telangana. The Company has incurred expenditure amounting to Rs. 9.92 Crores till 31st March, 2017 for setting up these power plants. The Company has signed the Power Purchase Agreement with Northern Power Distribution Company of Telangana Limited and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

Neo's income for the year was Rs. 129.64 Lakhs as compared to Rs. 13.64 Lakhs in the previous year. Profit after tax for the year was at Rs. 19.03 Lakhs as compared to Loss after tax of Rs. 33.72 Lakhs in the previous year.

Marvel Solren Private Limited ("Marvel")

During the year, there were no operations in Marvel.

Mahindra Suryaurja Private Limited ("Suryaurja")

A Share Purchase Agreement ("SPA") was executed on February 16, 2017, by and between Mahindra Solar One Private Limited ("MSOPL"), Mahindra Renewables Private Limited ("MRPL"), wherein MRPL (Transferee) purchased 100% stake held by MSOPL in Suryaurja. Pursuant to the said acquisition, Suryaurja has become Wholly Owned Subsidiary of MRPL.

During the year, there were no operations in Suryaurja.

None of the above subsidiaries of the Company have declared dividend during the year.

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company is provided in Form AOC-1, as **Annexure I** and forms part of this Annual Report.

OUTLOOK FOR THE CURRENT YEAR

The Company will commence commissioning of the 250 MW AC solar power plant at Rewa in the state of Madhya Pradesh. The Company will also continue to evaluate opportunities to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

DIVIDEND

Your Directors do not recommend any dividend in view of loss made during the year.

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Susten Private Limited.

DEMATERIALISATION OF SHARES

The shares of your Company were admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE163X01010. Your Company has appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Share capital clause of Memorandum of Association of your Company was altered during the year 3 times for the increase in Authorized Share Capital from Rs. 130 Crores to Rs. 190 Crores; increase in Authorized Share Capital from Rs. 190 Crores to Rs. 300 Crores and increase in Authorized Share Capital from Rs. 300 Crores to Rs. 320 Crores.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on March 31, 2017 stood at Rs. 320,00,00,000/- (Rupees Three Hundred Twenty Crores only) divided into 32,00,00,000 (Thirty Two Crores) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Further issue of Share Capital

During the year under review, your Company made the following allotments to Mahindra Susten Private Limited on Rights Basis:

- Allotment of 6.9 Crores equity shares of the face value of Rs. 10/- each at par aggregating to Rs. 69 crores on August 19, 2016.
- Allotment of 6.0 Crores equity shares of the face value of Rs. 10/- each at par aggregating to Rs. 60 Crores on September 12, 2016.
- Allotment of 4.162 Crores equity shares of the face value of Rs. 10/- each at a premium of Rs. 1.5 per share aggregating to Rs. 47.863 crores on March 30, 2017.

Consequent to the above allotments, the issued, subscribed and paid-up share capital of your Company as on March 31, 2017 stood at Rs. 279,53,00,000/- divided into 27,95,30,000 equity shares of the face value of Rs. 10/- each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

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

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1	Basant Jain	00220395	Non – Executive Director	Non – Independent Director	9
2	Roshan Gandhi	00010478	Non – Executive Director		8
3	Sriram Ramachandran	07319032	Non – Executive Director		2 (appointed w.e.f. October 21, 2016)
4	Bharat Upadhyay	02189485	Non – Executive Director	Independent Director	3 (appointed w.e.f. October 21, 2016)
5	Smita Mankad	02009838	Non – Executive Director		2 (appointed w.e.f. October 21, 2016)

Mr. Bharat Upadhyay (DIN: 02189485) and Ms. Smita Mankad (DIN: 02009838) were appointed as Additional (Independent) Directors at the Board meeting held on October 21, 2016.

The Company had received the notice along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Bharat Upadhyay and Ms. Smita Mankad as candidates for the office of Director of the Company.

At the Extra-ordinary General Meeting of your Company held on October 22, 2016, the appointments of Mr. Bharat Upadhyay and Ms. Smita Mankad as Independent Directors under Sections 149, 150, 152 and 160 of the Companies Act, 2013, were approved by the members.

Mr. Sriram Ramachandran (DIN: 07319032) was appointed as an Additional Director at the Board meeting held on October 21, 2016. The Company has received notice along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Sriram Ramachandran for the office of Director at the forthcoming Annual General Meeting ("AGM") of the Company. Your Directors recommend for your consideration, his appointment as Directors at the forthcoming AGM.

Mr. Roshan Gandhi (DIN - 00010478) is liable to retire by rotation and being eligible for re-appointment at the forthcoming AGM of your Company, has offered himself for re-appointment.

During the year under review, the Board of Directors met nine times on April 28, 2016, July 08, 2016, August 08, 2016, August 30, 2016, September 26, 2016, October 21, 2016, November 30, 2016, February 08, 2017 and March 17, 2017.

The Company has received declarations from Mr. Bharat Upadhyay and Ms. Smita Mankad, 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.

All the Directors of your Company including the Independent Directors 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.

During the year under review, the Sixth AGM of your Company was held on September 30, 2016. There were four Extra-ordinary General Meetings of your Company held during the year i.e. on July 12, 2016, August 9, 2016, September 1, 2016, and October 22, 2016.

COMMITTEES OF THE BOARD AND NUMBER OF COMMITTEE MEETINGS

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

i) Nomination and Remuneration Committee ("NRC"):

The NRC members of the Board of Directors met once during the year under review, i.e. on February 08, 2017.

The Composition and the attendance at the meeting of the NRC is as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Ms. Smita Mankad	Chairperson & Member	1
2	Mr. Bharat Upadhyay	Member	1
3	Mr. Sriram Ramachandran	Member	1

ii) Audit Committee ("AC"):

The AC members of the Board of Directors met twice during the year under review, i.e. on October 21, 2016 and February 08, 2017.

The Composition and the attendance at the meeting of the AC is as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Ms. Smita Mankad	Chairperson & Member	2
2	Mr. Bharat Upadhyay	Member	2
3	Mr. Sriram Ramachandran	Member	2

All the recommendations made by the Audit Committee have been accepted by the Board.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on December 03, 2016 without the presence of the other 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 and 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.

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 appointments/ changes in Key Managerial Personnel took place:-

Mr. Rajnikant Jain was appointed as Chief Executive Officer ("CEO") with effect from February 08, 2017 pursuant to resignation of Mr. Sameer Mathur as CEO with effect from January 04, 2017.

Mr. Mandar Joshi (ACS 21351) was appointed as Company Secretary ("CS") with effect from October 21, 2016 pursuant to resignation of Ms. Pinky Dutta (ACS 40096) as CS with effect from July 15, 2016.

The Key Managerial Personnel of the Company as on March 31, 2017 were as follows:-

- Chief Executive Officer: - Rajnikant Jain
- Chief Financial Officer: - Rakesh Khaitan
- Company Secretary: - Mandar Joshi

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 Meeting for facilitating the formal annual evaluation. The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) 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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the end of the financial year and of the loss of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

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 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,
- Policy on the remuneration of Directors, key managerial personnel and other employees.

These policies are attached herewith as **Annexure II** and the same forms part of this report.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

STATUTORY AUDITORS

At the Fourth Annual General Meeting ("AGM") held on August 19, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company for a period of five years. They hold office from the conclusion of the fourth AGM until the conclusion of Ninth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing Seventh AGM.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Cost Audit were not applicable to your Company during Financial Year 2016-17.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, M/s. Rahul Shukla & Associates, was appointed as the Internal Auditor of your Company for the year ended 31st March, 2017.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Sandeep Parekh & Co. Practicing Company Secretaries, (Certificate of Practice No. 7693) to undertake Secretarial Audit of the Company.

A secretarial audit report for the financial year ended March 31, 2017 issued by the Secretarial Auditor, pursuant to the aforesaid provisions is attached herewith in the prescribed Form MR 3 as **Annexure III**, and the same forms part of this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its officers or employees to the Board/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 the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached herewith as **Annexure IV** and the same forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Particulars of loans given and investments made and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under Note No. 24 of the financial statements and the same form part of this Report.

Your Company has not availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as **Annexure V** 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 March 31, 2017 in form MGT-9 is annexed herewith as **Annexure VI** 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received, if any, regarding sexual harassment. During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 and implementation of Vigil Mechanism for directors and employees to report genuine concerns, in accordance with Section 177(9) of the Companies Act, 2013, are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain	**Roshan Gandhi**
Director	Director

Place : Mumbai
Date : 24th April, 2017

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 Companies (Accounts) Rules, 2014

Statement Containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Details for FY 2016-17

Part A: Subsidiaries

(Rupees In Lakhs)

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	Date of become subsidiary	Performance of the company Profit/(Loss)
1.	Divine Solren Private Limited (Divine)	INR	NA	1,208.00	6,168.93	3,2001.57	3,2001.57	–	–	(230.86)	(58.32)	(172.54)	–	100%	100%	8-May- 2015	(172.54)
2.	Cleansolar Renewable Energy Private Limited (Cleansolar)	INR	NA	962.30	5,166.75	2,6262.07	2,6262.07	–	2,317.22	197.57	59.74	137.83	–	100%	100%	3-Dec-2013	137.84
3.	Neo Solren Private Limited (Neo)	INR	NA	931.50	5,468.84	7,171.77	7,171.77	2071.40	–	(25.74)	(44.77)	19.03	–	100%	100%	1-Jul-2015	19.02
4.	Marvel Solren Private Limited (Marvel)	INR	NA	1.00	(2.25)	1.21	1.21	–	–	(1.51)	(0.47)	(1.04)	–	100%	100%	10-Oct-2015	(1.04)
5.	Astra Solren Private Limited (Astra)	INR	NA	848.94	5,332.59	4,3947.18	4,3947.18	–	–	(461.66)	119.96	(341.70)	–	100%	100%	14-Oct-2015	(341.70)
6.	Mahindra Suryaurja Private Limited	INR	NA	6.00	(5.67)	5.06	5.06	–	–	(2.67)	–	(2.67)	–	100%	100%	16-Feb-2017	(2.67)
7.	Brightsolar Renewable Private Limited	INR	NA	951.79	1046.25	8,378.68	8,378.68	–	1,203.48	32.96	(10.19)	22.77	–	51%	51%	03-Dec-2013	22.78

Note:

1. The Contribution of the subsidiaries to the overall performance of the Holding Company in monetary terms was NIL, given that there was no dividend paid during the financial year 2016-17.
2. Mahindra Suryaurja Private Limited has become subsidiary with effect from February 16, 2017.

Part B: Associates/Joint Ventures : Not Applicable

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 24th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

MAHINDRA RENEWABLES PRIVATE LIMITED
(FORMERLY KNOWN AS 'MAHINDRA OFFGRID SERVICES PRIVATE LIMITED')

A. 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 Renewables Private Limited (Formerly known as 'Mahindra Offgrid Services Private Limited')

"**Employee**" means employee of the Company including employees in the Senior Management Team of the Company.

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

(i) Chief Executive Officer (CEO);

(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 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 sprit 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 GNRC 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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of 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:

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 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.

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

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

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

B. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES.

Overall Intent of Compensation Policy:

At Mahindra Renewables Private Limited (Renewables) we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy:

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy:

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.
- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements
- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Employees and Key Management Personnel:

The company has a comprehensive HR policy manual which covers remuneration, employee benefits, special employee benefits, reimbursements, administrative policies etc.

Policy for Non- Executive Directors including Independent Directors:

The Nomination and Remuneration Committee 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 Committee 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 Companies Act 2013, and such other factors as the committee may consider deem fit for determining the compensation.

ANNEXURE III TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[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 RENEWABLES PRIVATE LIMITED

CIN: U40300MH2010PTC205946

Mahindra Towers, Dr. G. M. Bhosale Marg,

P.K. Kurne Chowk, Worli,

Mumbai, Maharashtra 400018, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHINDRA RENEWABLES 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 my 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 31st March, 2017, 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 Company for the financial year ended 31st March, 2017 according to the provisions of:

(1) The Companies Act, 2013 ("the Act") and the rules made there under;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under - **Not applicable to the Company during the audit period**

(3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(4) 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 - **Not applicable to the Company during the audit period**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **(Not applicable to the Company during the Audit Period)**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - **(Not applicable to the Company during the Audit Period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; - **(Not applicable to the Company during the Audit Period)**

(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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - **(Not applicable to the Company during the Audit Period)**

(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 during the Audit Period)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not applicable to the Company during the Audit Period)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **(Not applicable to the Company during the Audit Period)**

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 have also examined compliances with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India.

2. The Listing Agreements entered into by the Company with Stock Exchange(s) – **Not Applicable**

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

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise. – **Nil**.

We further report that

The Board of Directors of the Company is duly constituted.

The following changes in the composition of the Board of Directors have taken place during the period under review;

1. The Company had appointed Mr. Bharat Upadhyay and Ms. Smita Mankad as the Additional (Independent) Directors of the Company on 21 October 2016 and their appointment was approved by the shareholders at EGM held on 22 October 2016.
2. The Company had also appointed Mr. Sriram Ramachandran as the Additional Director of the Company on 21 October 2016, who shall hold office till ensuing AGM.

Adequate notice is given to all directors to schedule the Board / and Committee 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, if any.

As informed to us, 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.:-

- Rights issue of shares offered to Mahindra Susten Private Limited during the financial year 01.04.2016 - 31.03.2017:-

Sr. No.	No. of equity shares offered	Date of Board meeting in which it was offered	No. of equity shares allotted	Date of allotment
1	6,90,00,000	8-Aug-16	6,90,00,000	19 Aug. 2016 (by circular resolution)
2	6,00,00,000	20-Aug-16	6,00,00,000	12 Sep. 2016 (by circular resolution)
3	6,47,86,000	8-Feb-17	4,16,20,000	30 Mar. 2017 (by circular resolution)

For Sandeep P Parekh & Co.,
Company Secretaries

Sd/-
FCS No: 7118,
CP No: 7693
Sandeep P. Parekh

Place : Navi Mumbai
Date : 24th April 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

**PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014
AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017**

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION Research & Development (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- Foreign Exchange earnings – NIL
- Foreign Exchange outgo – NIL

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain	**Roshan Gandhi**
Director	Director

Place : Mumbai
Date : 24th April, 2017

ANNEXURE V TO THE DIRECTORS' REPORT

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.

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

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:

(Amount in Rs. Lakhs)

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	Amount	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Susten Private Limited	30.03.2017	Works Order for supply of precast boundary wall material at Neo Solren site.	103.73	Not applicable (Refer Note 2)	NIL

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 24th April, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
As on the financial year ended on 31st March, 2017
[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	U40300MH2010PTC205946
2.	Registration Date	July 26, 2010
3.	Name of the Company	Mahindra Renewables Private Limited
4.	Category/Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.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.	Trade in Electric Equipment	46593	83%
2.	Electric power generation using solar energy	35105	17%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100*	2(46)
3.	Mahindra Susten Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Immediate Holding Company	100	2(46)
4.	Cleansolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U40108MH2013PTC250684	Subsidiary Company	100	2(87)
5.	Brightsolar Renewable Energy Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U40108MH2013PTC250683	Subsidiary Company	51	2(87)

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
6.	Neo Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U74999MH2015PTC266154	Subsidiary Company	100	2(87)
7.	Divine Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U74120MH2015PTC264259	Subsidiary Company	100	2(87)
8.	Astra Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U74120MH2015PTC269256	Subsidiary Company	100	2(87)
9.	Marvel Solren Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U74120MH2015PTC269074	Subsidiary Company	100	2(87)
10.	Mahindra Suryaurja Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U40103MH2012PTC226016	Subsidiary Company	100	2(87)

* Holding through its Subsidiary 'Mahindra Susten Private Limited'

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 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,89,10,000	10,89,10,000	100	–	27,95,30,000	279,530,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total - A - (1)	–	**10,89,10,000**	**10,89,10,000**	**100**	–	**27,95,30,000**	**279,530,000**	**100**	–
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total - A - (2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	–	**10,89,10,000**	**10,89,10,000**	**100**	–	**27,95,30,000**	**279,530,000**	**100**	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-total = B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
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									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total - B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**10,89,10,000**	**10,89,10,000**	**100**	–	**27,95,30,000**	**279,530,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2016)			Shareholding at the end of the year (as on March 31, 2017)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Susten Private Limited	10,89,05,000	100	–	27,95,25,000	100	–	–
2.	Mahindra Susten Private Limited Jointly with Mr. Roshan Gandhi*	5,000	–	–	5,000	–	–	–
TOTAL		**10,89,10,000**	**100**	–	**27,95,30,000**	**100**	–	–

* 5,000 Shares are held by Mahindra Susten Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding:

Name of Promoter: Mahindra Susten Limited including 5,000 share Jointly with Roshan Gandhi	Shareholding at the beginning of the year (As on April 1, 2016)		Increase/ Decrease in No. of shares	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	10,89,10,000	100			
Increase:- Allotment of Equity shares on Rights basis on August 19, 2016			6,90,00,000	17,79,10,000	100
Increase:- Allotment of Equity shares on Rights basis on September 12, 2016			6,00,00,000	23,79,10,000	100
Increase:- Allotment of Equity shares on Rights basis on March 30, 2017			4,16,20,000	27,95,30,000	100
At the end of the year (As on March 31, 2017)				**27,95,30,000**	**100**

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 (As on April 1, 2016)		Shareholding at the end of the year (As on March 31, 2017)	
		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: NIL

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	NIL	NIL	NIL	NIL	NIL

IV. INDEBTEDNESS

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

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	1,800.00	–	1,800.00
- Reduction	–	–	–	–
Net change	–	1,800.00	–	1,800.00
Indebtedness at the end of the financial year-31.03.2017	–		–	
1) Principal Amount	–	1,800.00	–	1,800.00
2) Interest due but not paid	–	7.15	–	7.15
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	**1,807.15**	–	**1,807.15**

V. 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	Name of the MD/ WTD/Manager	Total Amount
1	Gross salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors:

I. Independent Directors

(Amount in Rupees)

	Name of Directors		
Particulars of Remuneration	**Smita Mankad**	**Bharat Upadhyay**	**Total**
Fee for attending Board/Committee meetings*	70,000	90,000	160,000
Commission	–	–	–
Others	–	–	–
* Overall Ceiling for sitting fees, being Rupees One Lakh only per meeting as per Companies Act, 2013			
Total	**70,000**	**90,000**	**160,000**

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

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

Sr. No.	Particulars of Remuneration	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	–	–	–	–
	(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	–	–	–	–
	Others please specify	–	–	–	–
	Professional Fees	–	–	85,000	85,000
	Total (C)	**–**	**–**	**85,000**	**85,000**

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act)- 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT	–	–	–	–	–	–
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Mahindra Renewables Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 24th April, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Renewable Private Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra Renewables Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the.

   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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its loss including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other Matter

9. The Comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended, audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences on account of conversion to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 as at March 31, 2017 which would have an impact on its financial position

        ii. There were no material foreseeable losses as at March 31, 2017 in respect of the long term contract entered into by the company in respect of this contract. According to the information and explanations given to us the Company does not have any derivative contracts.

        iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

        iv. According to the information and explanations given to us and as indicated in Note 9 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 24th April, 2017

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Mahindra Renewables Private Limited for the year ended March 31, 2017

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The Company has physically verifies its fixed assets during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noted on such verification were not material and have been adjusted in the books of account.

   (iii) The Company's fixed assets do not include any immovable property and hence the provisions of para 3(i)(c) of the Order are not applicable to the Company.

2. According to the information ans explanations given to is and to the best of our knowledge and belief, the Company did not have any inventory during the year and accordingly, the provisions of para 39(ii) of the Order are not applicable.

3. The Company has granted loans aggregating Rs.18.91 lacs to two subsidiary companies covered in the register maintained under section 189 of the Companies Act, 2013

   (i) As informed to us by management, the loans are subordinate to all other loans taken by the subsidiaries and the principal and interest on the loans of Rs. 18.91 crores are repayable only after repayment of all other loans. According to the information and explanations given to us, and having regard to management's representation that the loan is given to its subsidiaries in the interest of the Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.

   (ii) Other than the terms of repayment of principal and interest indicated in 3(i) herein, there are no other stipulations as to payment of principal and interest on the aforesaid loans.

   (iii) In view of the terms of the loans indicated in 3(i) above, there are no amounts of principal and interest overdue for more than 90 days, in respect of the aforesaid loans.

4. In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Act, have been complied with in respect of the loans granted, investments made, guarantees given at March 31, 2017. We are informed that the Company has not given any security during the year.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.

6. In our opinion, and according to the information and explanations given to us, 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 information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.

   (ii) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of no dues of income tax, sales tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.

8. According to the information and explanations given to us the Company did not have any borrowings from any financial institution, bank or Government 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 raised money by way of subordinated debt of Rs. 18.91 crores from its holding company which were applied for the purposes for which it was raised. The Company has not raised any money by way of initial public offer or further public officer (including debt instruments).

10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.

14. According to the information ans explanations given to us the Company has not made and preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 24th April, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RENEWABLES 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 Renewables Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ins AS 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, 2017, 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: 24th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I **ASSETS**				
NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	4	**12,444,642**	13,216,648	–
(b) Capital Work-in-Progress		**7,537,428**	–	–
(c) Financial Assets				
(i) Investments	5	**2,765,476,081**	989,071,880	247,235,000
(ii) Loans	6	**189,115,000**	–	–
(d) Deferred Tax Assets (Net)	7	**7,007,599**	4,969,467	627,884
SUB-TOTAL		**2,981,580,750**	1,007,257,995	247,862,884
CURRENT ASSETS				
(a) Financial Assets				
(i) Investments	5	**53,077,270**	123,036,699	–
(ii) Trade Receivables	8	**10,429,742**	–	1,257,871
(iii) Cash and Cash Equivalents	9	**6,243,954**	3,141,467	694,079
(iv) Other Financial Assets	10	**926,006**	–	–
(b) Current Tax Assets (Net)		**188,996**		331
(c) Other Current Assets	11	**73,500**	8,000	–
SUB-TOTAL		**70,939,467**	126,186,166	1,952,281
TOTAL ASSETS		**3,052,520,217**	1,133,444,161	249,815,165
II **EQUITY AND LIABILITIES**				
1 **EQUITY**				
(a) Equity Share Capital	SOCE, 12	**2,794,246,400**	1,088,046,400	63,472,000
(b) Other Equity	SOCE	**66,178,821**	32,251,227	(2,379,247)
SUB-TOTAL		**2,860,425,221**	1,120,297,627	61,092,753
LIABILITIES				
2 **NON-CURRENT LIABILITIES**				
(a) Financial Liabilities				
(i) Borrowings	13	**180,000,000**	–	
SUB-TOTAL		**180,000,000**	–	–
3 **CURRENT LIABILITIES**				
(a) Financial Liabilities				
(i) Borrowings	14	**–**	–	185,500,000
(ii) Trade Payables	15	**11,115,385**	2,031,843	1,203,764
(iii) Other Financial Liabilities	16	**979,611**	3,668,313	2,018,648
(b) Current Tax Liabilities (Net)		**–**	7,446,378	
SUB-TOTAL		**12,094,997**	13,146,534	188,722,412
TOTAL EQUITY AND LIABILITIES		**3,052,520,217**	1,133,444,161	249,815,165

The accompanying notes 1 to 26 are an integral 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: 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 24th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the Current Year ended 31st March, 2017	For the previous Year ended 31st March, 2016
Continuing Operations			
I Revenue from operations	17	**12,435,431**	–
II Other Income	18	**5,934,658**	60,623,475
III **Total Revenue (I + II)**		**18,370,090**	60,623,475
IV **Expenses**			
(a) Purchases of Stock-in-trade		**10,309,500**	–
(b) Finance costs	19	**821,182**	8,029,098
(c) Depreciation and amortisation expense	4	**772,006**	25,312
(d) Other expenses	20	**35,717,941**	14,795,084
Total Expenses (IV)		**47,620,629**	22,849,494
V **(Loss)/Profit before exceptional items and tax (III - IV)**		**(29,250,539)**	37,773,981
Less : Exceptional Items		**–**	–
VI **(Loss)/Profit after exceptional items**		**(29,250,539)**	37,773,981
Share of (Loss)/Profit of joint ventures and associates		**–**	–
VII **(Loss)/profit before tax**		**(29,250,539)**	37,773,981
VIII **Tax Expense**			
(1) Current tax		**–**	7,485,090
(2) Deferred tax		**(2,038,133)**	(4,341,583)
Total tax expense		**(2,038,133)**	3,143,507
IX **(Loss)/profit after tax from continuing operations (VII - VIII)**		**(27,212,406)**	34,630,474
X **Discontinued Operations**			
(1) Profit/(loss) from discontinued operations		**–**	–
(2) Tax Expense of discontinued operations		**–**	–
XI **(Loss)/profit after tax from discontinued operations (IX + X)**		**–**	–
XII **(Loss)/profit for the period (IX+XI)**		**(27,212,406)**	34,630,474
XIII **(Loss)/proft from continuing operations for the period attributable to:**			
Owners of the Company		**(27,212,406)**	34,630,474
Non controlling interests		**–**	–
XIV **Other comprehensive income**		**–**	–
A (i) Items that will not be reclassified to profit or loss		**–**	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
B (i) Items that may be reclassified to profit or loss		**–**	–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XV **Total comprehensive income for the period (XIII + XIV)**		**(27,212,406)**	34,630,474
XVI **Total comprehensive income for the period attributable to:**			
Owners of the Company		**(27,212,406)**	34,630,474
Non controlling interests		**–**	–
XVII **Earnings per equity share (for continuing operation):**			
(1) Basic	21	**(0.15)**	0.66
(2) Diluted	21	**(0.15)**	0.66
XVIII **Earnings per equity share (for continuing and discontinued operations):**			
(1) Basic	21	**(0.15)**	0.66
(2) Diluted	21	**(0.15)**	0.66

The accompanying notes 1 to 26 are an integral 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: 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 24th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the Current Year ended 31st March, 2017	Rupees For the previous Year ended 31st March, 2016
Cash flows from operating activities			
Profit After tax for the year		**(27,212,406)**	34,630,474
Adjustments for:			
Income tax expense recognised in profit or loss	7	**(2,038,133)**	3,143,507
Finance costs recognised in profit or loss	19	**821,182**	8,029,098
Investment income recognised in profit or loss	18	**(5,934,658)**	57,885,965
Depreciation and amortisation of non-current assets	4	**772,006**	25,312
		(6,379,604)	69,083,882
Movements in working capital:			
(Increase)/decrease in trade and other receivables	8	**(10,429,742)**	1,257,871
(Increase)/decrease in other assets	11	**(991,507)**	(8,000)
Decrease in trade and other payables	15	**6,394,841**	828,079
(Decrease)/increase in other liabilities		**–**	(1,660,826)
Cash generated from operations		**(5,026,408)**	417,124
Income taxes paid		**(7,635,373)**	(38,381)
Net cash generated by operating activities		**(46,253,791)**	104,093,099
Cash flows from investing activities			
Payments to acquire financial assets	5	**(1,965,519,201)**	(765,458,459)
Proceeds on sale of financial assets	5	**69,959,429**	(158,669,840)
Interest received	18	**1,886,641**	383,818
Other dividends received		**4,048,017**	984,937
Payments for property, plant and equipment		**(7,537,427)**	(9,931,469)
Net cash (used in)/generated by investing activities		**(1,897,162,540)**	(932,691,013)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	12	**1,768,630,000**	696,100,000
Payment for share issue costs		**(1,290,000)**	(1,025,600)
Proceeds from borrowings	13	**180,000,000**	155,000,000
Repayment of borrowings	13	**–**	(11,000,000)
Interest paid	19	**(821,182)**	(8,029,098)
Net cash used in financing activities		**1,946,518,818**	831,045,302
Net increase in cash and cash equivalents		**3,102,487**	2,447,388
Cash and cash equivalents at the beginning of the year		**3,141,467**	694,079
Cash and cash equivalents at the end of the year	9	**6,243,954**	3,141,467

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: 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 24th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
As at 1 April 2015	63,472,000
Changes in equity share capital during the year	1,025,600,000
Less:- Share issue expenses	1,025,600
As at 31 March 2016	1,088,046,400
Changes in equity share capital during the year	1,706,200,000
As at 31 March 2017	2,794,246,400

B. Other Equity

Rupees

Particulars	Reserves and Surplus		
	Securities Premium	Retained Earnings	Total
As at 1 April 2015	–	(2,379,247)	(2,379,247)
Profit/(Loss) for the period	–	34,630,474	34,630,474
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	**–**	**32,251,227**	**32,251,227**
As at 31 March 2016	**–**	**32,251,227**	**32,251,227**
Profit/(Loss) for the period	–	(27,212,406)	(27,212,406)
Securities Premium Received during the year	62,430,000	–	62,430,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	**62,430,000**	**5,038,821**	**67,468,821**
Equity Share Issuance Costs	(1,290,000)	–	(1,290,000)
As at 31 March 2017	**61,140,000**	**5,038,821**	**66,178,821**

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: 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 24th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

Mahindra Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 24th April 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

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 recognized prospectively in current and future periods.

c) 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.

(i) ***Sale of Solar power***

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) ***Sales of goods***

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) ***Interest income***

Interest income from a financial asset is recognised 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.

(iv) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) 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. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable 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.

h) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment generation of producer and distributor of solar power.

i) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

j) 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The amount recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

I) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income ” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

m) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

n) 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 and,

o) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Significant Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Note 4 : Property, Plant and Equipment

		Rupees
Description of Assets	**Plant and Equipment - Freehold**	**Total**
I. Gross Carrying Amount		
Balance as at 1 April 2016	13,241,960	13,241,960
Additions	–	–
Disposals	–	–
Balance as at 31 March 2017	**13,241,960**	**13,241,960**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2016	25,312	25,312
Depreciation expense for the year	772,006	772,006
Balance as at 31 March 2017	**797,318**	**797,318**
III. Net carrying amount (I-II)	**12,444,642**	**12,444,642**

		Rupees
Description of Assets	**Plant and Equipment - Freehold**	**Total**
I. Gross Carrying Amount		
Balance as at 1 April 2015	–	–
Additions	13,241,960	13,241,960
Disposals	–	–
Balance as at 31 March 2016	**13,241,960**	**13,241,960**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2015	–	–
Depreciation expense for the year	25,312	25,312
Balance as at 31 March 2016	25,312	25,312
III. Net carrying amount (I-II)	**13,216,648**	**13,216,648**

Note 5 : Investments

Rupees

Particular	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	QTY	**Amounts* Current**	**Amounts* Non Current**	QTY	Amounts* Current	Amounts* Non Current	QTY	Amounts* Current	Amounts* Non Current
A. COST									
II. Unquoted Investments (all fully paid)									
Investments in Equity Instruments									
- of Subsidiaries	**–**	**–**	**2,765,476,081**	18,780,240	–	989,071,880	14,480,240	–	247,235,000
- of associate	**–**	**–**	**–**	–	–	–	–	–	–
Total Unquoted Investments	**–**	**–**	**–**	18,780,240	–	989,071,880	14,480,240	–	247,235,000
INVESTMENTS CARRIED AT COST [A]	**–**	**–**	**2,765,476,081**	18,780,240	–	989,071,880	14,480,240	–	247,235,000
B Designated as Fair Value Through Profit and Loss									
Investments in Mutual Funds	**29,214**	**53,077,270**	**–**	72,716	123,036,699	–	–	–	–
	–	**–**	**–**	–	–	–	–	–	–
Total Aggregate Quoted Investments	**29,214**	**53,077,270**	**–**	72,716	123,036,699	–	–	–	–
INVESTMENTS CARRIED AT FVTPL [B]	**29,214**	**53,077,270**	**–**	72,716	123,036,699	–	–	–	–
Of the above, investments designated as FVTPL	**–**	**–**	**–**	72,716	123,036,699	989,071,880	–	–	–
Of the above, investments held for trading	**–**	**–**	**–**	–	–	–	–	–	–
Other investments carried at FVTPL	**–**	**–**	**–**	–	–	–	–	–	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE [A + B]	**29,214**	**53,077,270**	**–**	72,716	123,036,699	989,071,880	–	–	–
Total impairment value for investments (c)	**–**	**–**	**–**	–	–	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) - (C)	**29,214**	**53,077,270**	**2,765,476,081**	18,852,956	123,036,699	989,071,880	14,480,240	–	247,235,000
Other disclosures									
Aggregate amount of quoted investments	**–**	**–**	**–**	–	–	–	–	–	–
Aggregate amount of Market value of investments	**–**	**–**	**–**	–	123,036,699	989,071,880	–	–	–
Aggregate amount of unquoted investments	**–**	**–**	**–**	–	–	–	–	–	–
Aggregate amount of impairement in value of investments	**–**	**–**	**–**	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 6 : Loans

Rupees

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
a) Security Deposits						
	–	**–**	–	–	–	–
b) Loans to related parties						
– Unsecured, considered good	**–**	**189,115,000**	–	–	–	–
	–	**189,115,000**	–	–	–	–
c) Other Loans						
	–	**–**	–	–	–	–
Total Loans	**–**	**189,115,000**	–	–	–	–

Note 7 : Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Current Tax:			
In respect of current year	**–**	7,485,090	–
Deferred Tax:			
Unrecognised tax loss used to reduce deferred tax expense	**(2,038,133)**	(4,341,583)	–
Total income tax expense on continuing operations	**(2,038,133)**	3,143,507	–

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Profit before tax from continuing operations	**(29,250,539)**	37,773,981
Income tax expense calculated at 30.90% (2016: 30.90%)#	**(9,038,417)**	11,672,160
Effect of income that is exempt from taxation	**(1,250,837)**	(19,314,477)
Effect of expenses that is non-deductible in determining taxable profit	**5,585,175**	3,300,734
Changes in recognised deductible temporary differences for earlier years	**2,665,946**	–
Unrecognised MAT Credit	**–**	7,485,090
	(2,038,133)	**3,143,507**
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit and loss from continuing operations	**(2,038,133)**	3,143,507

The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31 March 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**–**	**3,845,394**	**3,845,394**
	–	**–**	**–**
	–	**3,845,394**	**3,845,394**
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**(4,969,467)**	**(5,883,528)**	**(10,852,994)**
	–	**–**	**–**
	(4,969,467)	**(5,883,528)**	**(10,852,994)**
Net Tax Asset (Liabilities)	**(4,969,467)**	**(2,038,134)**	**(7,007,600)**

Rupees

Particulars	For the Year ended 31 March 2016 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	(627,884)	(4,341,583)	(4,969,467)
	–	–	–
	(627,884)	(4,341,583)	(4,969,467)
Net Tax Asset (Liabilities)	**(627,884)**	**(4,341,583)**	**(4,969,467)**

Note 8 : Trade receivables

Rupees

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
Trade receivables						
Unsecured, considered good	**10,429,742**	**–**	–	–	1,257,871	–
Total	**10,429,742**	**–**	–	–	1,257,871	–
Of the above, trade receivables from:						
– Related Parties	**10,372,500**	**–**	–	–	–	–
– Others	**57,242**	**–**	–	–	1,257,871	–
Total Trade Receivables	**10,429,742**	**–**	–	–	1,257,871	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 9 : Cash and Cash Equivalents

Rupees

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Cash and cash equivalents			
(a) Balances with banks	**6,243,954**	3,141,467	694,079
Total Cash and cash equivalent	**6,243,954**	3,141,467	694,079

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Total Cash and Cash Equivalents as per Balance Sheet	**6,243,954**	3,141,467	694,079
Add: Bank Overdraft	**–**	–	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–	–

Rupees

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Total Cash and Cash Equivalents as per Statement of Cashflow	**6,243,954**	3,141,467	694,079

Notes:

1. Cash and cash equivalents include cash in hand and in banks, net of overdraft.
2. Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8,2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note 10 : Other financial assets

Rupees

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
Financial assets at amortised cost						
a) interest Accured on subordinated debt and Inter corporate deposit	**926,006**	**–**	–	–	–	–
	926,006	**–**	–	–	–	–
b) Other* Financial Intruments carried at FVTPL:						
	–	**–**	–	–	–	–
c) Other* Financial assets carried as FVTOCI:						
Total other financial assets	**926,006**	**–**	–	–	–	–

Note 11 : Other assets

Rupees

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non-Current	As at 31 March 2016 Current	As at 31 March 2016 Non-Current	As at 1 April 2015 Current	As at 1 April 2015 Non-Current
(a) Capital advances	**–**	**–**	–	–	–	–
(b) Advances other than capital advances						
(i) Advances to related parties	**67,500**	**–**	–	–	–	–
(ii) Other advances	**–**	**–**	8,000	–	–	–
(c) Other Assets	6,000	**–**	–	–	–	–
Total other assets	**73,500**	**–**	8,000	–	–	–

Note 12 : Equity Share Capital

Rupees

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2017 Share Capital	As at 31 March 2016 No. of shares	As at 31 March 2016 Share Capital	As at 1 April 2015 No. of shares	As at 1 April 2015 Share Capital
Authorised:						
Equity shares of Rs.10 each with voting rights	**320,000,000**	**3,200,000,000**	115,000,000	1,150,000,000	7,000,000	70,000,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs.10 each with voting rights	**279,530,000**	**2,795,300,000**	108,910,000	1,089,100,000	6,350,000	63,500,000
Total other assets	**279,530,000**	**2,795,300,000**	108,910,000	1,089,100,000	6,350,000	63,500,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2017						
No. of Shares	108,910,000	170,620,000	–	–	–	279,530,000
Amount in Rupess	1,089,100,000	1,706,200,000	–	–	–	2,795,300,000
Year Ended 31 March 2016						
No. of Shares	6,350,000	102,560,000	–	–	–	108,910,000
Amount in Rupess	63,500,000	1,025,600,000	–	–	–	1,089,100,000
Year Ended 1 April 2015						
No. of Shares	–	6,350,000	–	–	–	6,350,000
Amount in Rupess	–	63,500,000	–	–	–	63,500,000
	115,260,000	**279,530,000**	**–**	**–**	**–**	**394,790,000**

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Equity Shares with Voting Rights	No. of Equity Shares with Differential Voting rights	Others
As at 31 March 2017			
Mahindra Susten Private Limited	279,530,000	–	–
As at 31 March 2016			
Mahindra Susten Private Limited	108,910,000	–	–
As at 1 April 2015			
Mahindra Susten Private Limited	6,350,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Rupees

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	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 Susten Private Limited	**279,530,000**	**100%**	108,910,000	100%	6,350,000	100%

Note 13 : Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Maturity	**As at 31 March 2017**	As at 31 March 2016	As at 1 April 2015
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Loans from related parties	11.50%	2 years	**180,000,000**	–	
Total Secured Borrowings	–	–	**180,000,000**	–	
B. Unsecured Borrowings - at amortised Cost					
Total Unsecured Borrowings	–	–	**–**	–	–
Total Non Current Borrowings	–	–	**180,000,000**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 14 : Current Borrowings

Rupees

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A. Secured Borrowings	**–**	–	–
Total Secured Borrowings	**–**	–	–
B. Unsecured Borrowings			
(a) Loans from related parties	**–**	–	185,500,000
Total Unsecured Borrowings	**–**	–	185,500,000
Total Current Borrowings	**–**	–	185,500,000

Note 15 : Trade Payables

Rupees

Particulars	As at 31 March 2017 Current	As at 31 March 2017 Non Current	As at 31 March 2016 Current	As at 31 March 2016 Non Current	As at 1 April 2015 Current	As at 1 April 2015 Non Current
Trade payable - Micro ans small enterprises	**–**	**–**	–	–	–	–
Trade payable - Other than micro ans small enterprises	**11,115,385**	**–**	2,031,843	–	1,203,764	–
Total trade payables	**11,115,385**	**–**	2,031,843	–	1,203,764	–

Notes:
(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note 16 : Other Financial Liabilities

Rupees

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other Financial Liabilities Measured at Amortised Cost			
Current			
(a) Interest accrued	**714,575**	–	1,815,066
(b) Other liabilities			
(1) Creditors for capital supplies/services	**–**	3,310,491	–
(2) Other Statutory Dues payable to Govt. (other than income tax)	**265,036**	357,822	203,582
Total other financial liabilities	**979,611**	3,668,313	2,018,648

Note 17 : Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees

Particulars	For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
(a) Revenue from sale of products (including excise duty)	**12,435,431**	–
Total Revenue from Operations	**12,435,431**	–

Note 18 : Other Income

Rupees

Particulars	For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
(a) Interest Income		
(i) On Financial Assets at Amortised Cost	**1,886,641**	383,818
(b) Dividend Income		
(i) Others	**4,048,017**	984,937
(c) Net Gain/(Loss) on sale of investments		
(i) On sale of subsidiaries	**–**	59,254,720
Total Other Income	**5,934,658**	60,623,475

Note 19 : Finance Cost

Rupees

Particulars	For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
Interest expense	**821,182**	8,029,098
Total finance costs	**821,182**	8,029,098

Analysis of Interest Expenses by Category

Rupees

Particulars	For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
Interest Expenses		
On Financial Liability at Amortised Cost	**821,182**	8,029,098

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 20 : Other Expenses

Rupees

Particulars			For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
(a)	ROC Fees and charges		**18,097,800**	–
(b)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors- statuotry audit fees	**75,000**	97,325
	(ii)	For Taxation matters	**25,000**	–
	(iii)	For Company Law matters	**–**	–
	(iv)	For Other services	**45,000**	–
	(v)	For reimbursement of expenses	**425**	–
(c)	Other expenses		**–**	–
	(i)	Legal and other professional costs	**16,412,339**	14,679,051
	(ii)	Printing & Stationary	**5,870**	–
	(iii)	Bank Charges	**23,857**	–
	(iv)	Miscellaneous expenses	**1,032,650**	18,708
Total Other Expenses			**35,717,941**	14,795,084

Note 21 : Earnings per Share

Rupees

Particulars	For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(0.15)**	0.66
From discontinuing operations	**–**	–
Total basic earnings per share	**(0.15)**	0.66
Diluted Earnings per share		
From continuing operations	**(0.15)**	0.66
From discontinuing operations	**–**	–
Total diluted earnings per share	**(0.15)**	0.66

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the Current Year ended 31 March 2017	For the previous Year ended 31 March 2016
Profit/(loss) for the year attributable to owners of the Company	**(27,212,406)**	34,630,474
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(27,212,406)**	34,630,474
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(27,212,406)**	34,630,474
Weighted average number of equity shares	**185,649,342**	52,256,230
Earnings per share from continuing operations - Basic	**(0.15)**	0.66

Note 22 : Financial Instruments

Capital management

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.

	31-Mar-17	31-Mar-16	1-Apr-15
Equity	**2,860,425,221**	1,120,297,627	61,092,753
Less: Cash and cash equivalents	**6,243,955**	3,141,467	694,079
	2,854,181,266	1,117,156,160	60,398,674

Categories of financial assets and financial liabilities

As at 31 March 2017 Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Loans	189,115,000			189,115,000
Current Assets				
Investments	–	53,077,270		53,077,270
Trade Receivables	10,429,742			10,429,742
Other Financial Assets – Non Derivative Financial Assets	926,006			926,006
Non-current Liabilities				
Borrowings	180,000,000			180,000,000
Current Liabilities				
Trade Payables	11,115,385			11,115,385
Other Financial Liabilities – Non Derivative Financial Liabilities	979,612			979,612

As at 31 March 2016 Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Investments	–	123,036,699	–	123,036,699
Non-current Liabilities				
Current Liabilities				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	Amortised Costs	FVTPL	FVOCI	Total
Trade Payables	2,031,843	–	–	2,031,843
Other Financial Liabilities				
– Non Derivative Financial Liabilities	3,668,313	–	–	3,668,313

As at 1 April 2015 Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	1,257,871		–	1,257,871
Current Liabilities				
Borrowings	185,500,000	–	–	185,500,000
Trade Payables	1,203,764	–	–	1,203,764
Other Financial Liabilities	–	–	–	–
– Non Derivative Financial Liabilities	2,018,648	–	–	2,018,648

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	11,115,385			
Fixed interest rate instruments	180,000,000	–	–	–
Total	191,115,385	–	–	–
31-Mar-16				
Non-interest bearing	2,031,843	–	–	–
Total	2,031,843	–	–	–
1-Apr-15				
Non-interest bearing	1,203,764			
Fixed interest rate instruments	185,500,000	–	–	–
Financial guarantee contracts	233,926,034			
Total	420,629,798	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	11,115,385	–	–	–
Fixed interest rate instruments	–	180,000,000	–	–
Total	11,115,385	180,000,000	–	–
31-Mar-16				
Non-interest bearing	2,031,843	–	–	–
Total	2,031,843	–	–	–
1-Apr-15				
Non-interest bearing	1,203,764	–	–	–
Fixed interest rate instruments	185,500,000			
Total	186,703,764	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Note 23 : Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-17	31-Mar-16	1-Apr-15				
Financial assets							
Investments							
1) Mutual fund investments	**53,077,270**	123,000,000	–	**Level 1**	**Market Value**	–	–
Total financial assets	**53,077,269.64**	123,000,000	–	–	–	–	**–**

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	**31-Mar-17**		31-Mar-16		1-Apr-15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– loans to related parties	**189,115,000**	**–**	–	–	–	–
– trade and other receivables	**10,429,742**	**–**	–	–	1,257,871	–
Other financial assets	**926,006**	**–**	–	–	–	–
	200,470,748				1,257,871	
Financial liabilities						
Financial liabilities held at amortised cost						
– loans from related parties	**180,000,000**	**–**	–	–	185,500,000	–
– trade and other payables	**11,115,385**	**–**	2,031,843	–	1,203,764	–
Total	**191,115,385**	**–**	2,031,843	–	186,703,764	–

	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	–	**189,115,000**	**189,115,000**
– trade and other receivables	–	–	**10,429,742**	**10,429,742**
– Others	–	–	**926,006**	**926,006**
Total	–	–	**200,470,748**	**200,470,748**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties	–	–	**180,000,000**	**180,000,000**
– trade and other payables	–	–	**11,115,385**	**11,115,385**
Total	–	–	**191,115,385**	**191,115,385**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	31-Mar-17 Carrying amount	31-Mar-17 Fair value	31-Mar-16 Carrying amount	31-Mar-16 Fair value	1-Apr-15 Carrying amount	1-Apr-15 Fair value
			Fair value hierarchy as at 31 March 2016			
			Level 1	Level 2	Level 3	Total
Financial liabilities						
Financial Instruments not carried at Fair Value						
Trade payable			–	–	2,031,843	**2,031,843**
			–	–	2,031,843	**2,031,843**

	Fair value hierarchy as at 1 April 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	1,257,871	**1,257,871**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties	–	–	185,500,000	**185,500,000**
– trade and other payables	–	–	1,203,764	**1,203,764**
	–	–	186,703,764	**187,961,635**

Note 24 : Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Brightsolar Renewable Energy Private Limited	Entity in which have joint interest with other company
Neo Solren Private Limited	Subsidiary Company
Divine Solren Private Limited	Subsidiary Company
Marvel Solren Private Limited	Subsidiary Company
Astra solren Private Limited	Subsidiary Company
Celansolar Renewable Energy Private Limited	Subsidiary Company
Mahindra Suryaurja Private Limited	Subsidiary Company

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Parent Company	Entities having joint imtrest in the Company	Subsidiaries	KMP of the Company and KMP of parent Company
Nature of transactions with Related Parties						
Sale of goods	31-Mar-17	–	10,372,500	–	–	–
	31-Mar-16	–	–	–	–	–
Receiving of services	31-Mar-17	460,000	–	–	–	–
	31-Mar-16	286,250	13,241,960	–	–	75,000
Deposit Given	31-Mar-17	–	–	300,000	900,000	–
	31-Mar-16	–	–	–	–	–
Deposit refund	31-Mar-17	–	–	300,000	900,000	–
	31-Mar-16	–	–	–	–	–
Loans given	31-Mar-17	–	–	9,115,000	227,560,000	–
	31-Mar-16	–	–	–	–	–
Loans refund	31-Mar-17	–	–	–	47,500,000	–
	31-Mar-16	–	–	–	–	–
Equity contribution by the Company	31-Mar-17	–	–	–	1,776,404,200	–
	31-Mar-16	–	–	–	–	–
Equity contribution to the Company	31-Mar-17	–	1,768,630,000	–	–	–
	31-Mar-16	–	1,025,600,000	–	–	–
Loan Received	31-Mar-17	–	180,000,000	–	–	–
	31-Mar-16	–	–	–	–	–
Intercorporate Deposit received	31-Mar-17	–	20,000,000	–	–	–
	31-Mar-16	–	–	–	–	–
Intercorporate Deposit repay	31-Mar-17	–	20,000,000	–	–	–
	31-Mar-16	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	For the year ended	Ultimate Holding Company	Parent Company	Entities having joint imtrest in the Company	Subsidiaries	KMP of the Company and KMP of parent Company
Nature of transactions with Related Parties						
Interest on Subordinated debts received	31-Mar-17	–	–	229,748	793,973	–
	31-Mar-16	–	–	–	–	–
Interest on Subordinated debts Paid	31-Mar-17	–	793,973	–	–	–
	31-Mar-16	–	–	–	–	–
Interest on ICD received	31-Mar-17	–	–	–	724,199	–
	31-Mar-16	–	–	–	–	–
Interest on ICD paid	31-Mar-17	–	22,443	–	–	–
Interest on ICD	31-Mar-16	–	8,028,863	–	–	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	KMP of the Company and KMP of parent Company
Trade Receivable	31-Mar-17	–	10,372,500.00	–	–	–
Trade payables	31-Mar-17	669,955	714,575	–	–	–
	31-Mar-16	249,955	3,310,491	–	–	–
Loans & advances taken	31-Mar-17	–	180,000,000	–	–	–
	31-Mar-16	–	–	–	–	–
Loans & advances given	31-Mar-17	–	–	9,115,000	180,060,000	–
	31-Mar-16	–	–	–	–	–

Note:

Company has incurred Rs. 75000 in previous year Fy 15-16 for key managerial personnel services provided by Mr. Brijesh Rathod (Company Secreatary)

Note 25 : First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Rupees

Particulars	Notes	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP		1,122,776,551	60,464,869
Ind AS: Adjustments increase (decrease):			
Deferred income tax		4,969,467	627,884
MTM of Investments		36,699	–
Current Tax - MAT Liability		(7,485,090)	–
Equity as reported under IND AS	SOCI	1,120,297,627	61,092,753

Analysis of cash and cash equivalents as at 31 March 2016 and 1 April 2015 for the purpose of Statement of Cash flows under Ind AS

Rupees

Particulars	Notes	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		3,141,467	694,079.08
Bank Overdrafts which forms integral part of cash management system			
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP		–	–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP		–	–
Other adjustments (specify)			
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	9	3,141,467	694,079

Note 26 : Disclosure of interest in Subsidiaries and interest of Non Controlling Interest

(a) Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation/ Date of Acquisation	Proportion of Ownership Interest and Voting power held by the Group			Quoted (Y/N)
			31-Mar-17	31-Mar-16	31-Mar-15	
Bright Solar renewable Energy Private Limited	Solar Power Generation	3/12/2013	**51%**	51%	100%	N
Cleansolar Renewable Energy Private Limited	Solar Power Generation	3/12/2013	**100%**	100%	100%	N
Divine Solren Private Limited	Solar Power Generation	1/7/2015	**100%**	100%	–	N

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation/ Date of Acquisation	Proportion of Ownership Interest and Voting power held by the Group			Quoted (Y/N)
			31-Mar-17	31-Mar-16	31-Mar-15	
Neo Solren Private Limited	Solar Power Generation	8/5/2015	**100%**	100%	–	N
Astra Solren Private Limited	Solar Power Generation	14/10/2015	**100%**	100%	–	N
Marvel Solren Private Limited	Solar Power Generation	10/10/2015	**100%**	100%	–	N
Mahindra Suryaurja Private Limited	Solar Power Generation	30/3/2017	**100%**	–	–	N

(b) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and voting rights held by non controlling interests		Profit/(Loss) allocated to non controlling interest		Accumulated non Controlling Interest	
		31-Mar-17	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16
Bright Solar renewable Energy Private Limited	INDIA	**49%**	49%	**1,115,107**	(4,011,304)	**(2,896,197)**	(4,011,304)
Total				**1,115,107**	(4,011,304)	**(2,8 96,197)**	(4,011,304)

(c) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Particulars	Brightsolar Renwable Energy Private Limited		
	31-Mar-17	31-Mar-16	31-Mar-15
Current Assets	**67,396,737**	63,562,598	60,347,120
Non Current Assets	**767,467,122**	811,777,200	857,491
Current Liabilities	**43,774,881**	85,768,509	310,418
Non Current Liabilities	**595,505,192**	596,263,230	–
Equity Interest Attributable to the owners	**99,747,731**	98,587,110	60,894,193
Non Controlling Interest	**95,836,055**	94,720,949	–
Revenue	**122,167,381**	33,028,606	1,497,182
Expenses	**118,870,992**	40,582,791	2,158,459
Profit/(Loss) for the year	**3,296,389**	(7,554,186)	(661,277)
Profit/(Loss) attributable to the owners of the Company	**1,681,158**	(3,852,635)	(661,277)
Profit/(Loss) attributable to the non controlling interest	**1,615,230**	(3,701,551)	–
Profit/(Loss) for the year	**3,296,389**	(7,554,186)	(661,277)
Other Comprehensive Income	**–**	–	–
Total Other Comprehensive Income attributable to the owners of the Company	**1,681,158**	(3,852,635)	(661,277)

Particulars	Brightsolar Renwable Energy Private Limited		
	31-Mar-17	31-Mar-16	31-Mar-15
Total Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	**1,615,230**	(3,701,551)	–
Total Other Comprehensive Income	**3,296,389**	(7,554,186)	(661,277)
Dividends paid to non controlling interest			
Net Cash Flow from operating activities	**98,495,980**	(56,667,104)	(808,185)
Net Cash Flow from investing activities	**(64,983,286)**	(611,794,124)	(60,660,658)
Net Cash Flow from financing activities	**(35,831,092)**	703,716,314	61,500,000
Net Cash inflow (outflow)	**(2,318,398)**	35,255,086	31,157

(d) Changes in Ownership interest

During the last financial year, the Company disposed of 49% of its interest in Brightsolar Renewable Energy Private Limited, reducing its continuing interest to 51%. The proceeds on disposal of INR 5,92,54,720 were received in cash.

(e) Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries	
		31/3/2017	31/12/2016
Mahindra Renewables Private Limited	INDIA	**6**	6

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: 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place: Mumbai
Date: 24th April, 2017

DIRECTORS' REPORT

Your Directors present their Sixth Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended 31st March, 2017**	For the year ended 31st March, 2016
Income		
Other Income	**–**	–
Total Income	**–**	–
Expenses		
Other Expenses	**2.63**	1.31
Depreciation and Amortization Expenses	**–**	–
Finance Costs	**0.05**	–
Total Expenses	**2.68**	1.31
Profit/(Loss) before Tax	**(2.68)**	(1.31)
Provision for Tax	**–**	–
Profit/(Loss) for the year from continuing operations	**(2.68)**	(1.31)
Balance of Profit from earlier years	**(2.99)**	(1.69)
Balance carried forward	**(5.67)**	(2.99)
Amount carried forward to reserves	**(5.67)**	(2.99)
Net worth	**0.32**	(1.99)

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 OF THE COMPANY AND OUTLOOK FOR THE CURRENT YEAR

The Company has not commenced its operations during the year under review. The Company is looking at various opportunities to undertake in Solar Power Projects.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

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

TRANSFER OF SHARES RESULTING CHANGE IN HOLDING COMPANY

A Share Purchase Agreement ("SPA") was executed on February 16, 2017, by and between Mahindra Solar One Private Limited ("MSOPL"), Mahindra Renewables Private Limited ("MRPL"), wherein MRPL (Transferee) has purchased entire paid up share capital of Company from MSOPL (Transferor). Pursuant to the said acquisition, by way of execution of SPA, the Company has become wholly owned subsidiary of MRPL on completion of the transfer formalities.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Share Capital Clause of the Memorandum of Association ("MOA") of your Company was altered in order to reflect increase in Authorized Share Capital from Rs. 1 Lakh to Rs. 6 Lakhs.

ALTERATION OF ARTICLES OF ASSOCIATION

The Authorised Share Capital as stated in the Articles of Association ("AOA") of your Company was altered to make it consistent with the capital clause viz. Clause V (a) of MOA of the Company.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company was increased from Rs. 1,00,000 (Rupees One Lakh only) to Rs. 6,00,000 (Rupees Six Lakhs only) during the year under review.

Consequent to the above, the Authorized Share Capital of your Company as on March 31, 2017 stood at Rs. 6,00,000/- (Rupees Six Lakhs only) divided into 60,000 (Sixty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten Only) each.

Further issue of Share Capital

During the year under review, your Company made the following allotments to Mahindra Renewables Private Limited on Rights Basis:

- Allotment of 50,000 equity shares of the face value of Rs. 10/- each at par aggregating to Rs. 5,00,000/- on March 30, 2017.

Consequent to the above allotments, the issued, subscribed and paid-up share capital of your Company as on 31st March 2017 stood at Rs. 6,00,000/- (Rupees Six Lakhs only) divided into 60,000 (Sixty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten Only) each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board is as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non-Independent	No. of Board meetings attended
1.	Mr. Parag Shah (Ceased as a Director w.e.f. February 16, 2017)	00374944	Non – Executive	Non – Independent	4
2.	Mr. Ardeshir Contractor (Ceased as a Director w.e.f. February 16, 2017)	00021184	Non – Executive	Non – Independent	4
3.	Basant Jain (Appointed as a Director w.e.f. February 16, 2017)	00220395	Non – Executive	Non – Independent	1
4.	Roshan Gandhi (Appointed as a Director w.e.f. February 16, 2017)	00010478	Non – Executive	Non – Independent	1

Mr. Roshan Gandhi (DIN: 00010478) and Mr. Basant Jain (DIN: 00220395) have been appointed as Additional Directors of the Company with effect from February 16, 2017 and they shall hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received the notices in writing along with requisite deposit from a member proposing their candidature for the office of Director(s), liable to retire by rotation.

Mr. Parag Shah (DIN: 00374944) and Mr. Ardeshir Contractor (DIN: 00021184) resigned as Directors of the Company with effect from February 16, 2017. Your Board takes this opportunity to thank Mr. Parag Shah and Mr. Ardeshir Contractor for their valuable services to the Company as Directors during their association with the Company.

During the year under review, the Board of Directors met four times i.e. on May 25, 2016, August 24, 2016, December 16, 2016 and February 16, 2017. The AGM was held on September 16, 2016.

Your Company is not required to constitute any mandatory Committees of the Board. Provisions relating to annual evaluation of Board/Committees are not applicable to your Company.

The provisions relating to appointment of KMPs as required under section 203 of the Companies Act 2013 are not applicable to the Company as the Company's paid up capital is below the thresh hold limit specified therein.

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:

- 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 the end of the financial year and of the loss of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

STATUTORY AUDITORS

At the Third Annual General Meeting ("AGM") held on September 24, 2014, M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI Firm Registration Number 117364W) were appointed as the statutory auditors of your Company to hold office for a period of five years. They hold the office from the conclusion of the Third AGM upto the conclusion of Eighth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing Sixth AGM.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor has 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 as attached herewith as **Annexure I** and the same forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Your company has not made any loans, investments and guarantees 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 availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on 31st March 2017 in form MGT-9 is annexed 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013, and implementation of Vigil Mechanism, in accordance with Section 177(9) of the Companies Act, 2013 and annual evaluation under Section 134(3)(p) of the Act, are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect of the following items during the period under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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, stakeholders, business associates and various agencies of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Mahindra Suryaurja Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : May 5, 2017

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 MARCH 31, 2017.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

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

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

Foreign Exchange earnings- **NIL**

Foreign Exchange outgo - **NIL**

For and on behalf of the Board
Mahindra Suryaurja Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : May 5, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

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.

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

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:

(Rs. in Lakhs)

Sr. No.	Name(s) of the r'lated 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		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited Limited-Ultimate Holding Company	Annual/Recurring/Ongoing Contract	Receiving of Secretarial Services	0.87	Not applicable (Refer Note 2)	NIL

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Mahindra Suryaurja Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : May 5, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on financial year ended on March 31, 2017
[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	U40103MH2012PTC226016
2.	Registration Date	January 12, 2012
3.	Name of the Company	Mahindra Suryaurja Private Limited
4.	Category/Sub-Category of the Company	Public Company Limited by shares/Indian Non Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
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:-

Sr. No	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company #
1.	Electric power generation using solar energy	35105	0%

The Company is yet to commence operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100 *	2(46)
5.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. **Indian**									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	10,000	100	–	60,000	60,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A-(1)	**–**	**10,000**	**10,000**	**100**	**–**	**60,000**	**60,000**	**100**	**–**
2. **Foreign**									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A-(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	**–**	**10,000**	**10,000**	**100**	**–**	**60,000**	**60,000**	**100**	**–**
B. Public Shareholding									
1. **Institution**									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate									
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. **Non-Institution**									
a. Body Corporate	–	–	–	–	–	–	–	–	–
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									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**10,000**	**10,000**	**100**	–	**60,000**	**60,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% 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 Solar One Private Limited	9,999	100	–	–	–	–	–100%
2	Mahindra Solar One Private Limited Jointly with Mr. Satish Kamat #	1	–	–	–	–	–	–100%
3	Mahindra Renewables Private Limited	–	–	–	59,999	100	–	+100%
4	Mahindra Renewables Private Limited Jointly with Mr. Roshan Gandhi*	–	–	–	1	–	–	+100%

\# One Share was held by Mahindra Solar One Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding

Particulars Promoter Mahindra Solar One Private Limited including 1 share Jointly with Satish Kamat	Shareholding at the beginning of the year (as on 01.04.2016)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the period (as on 31.03.2017)	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	10,000	100	–	–	–
(Decrease): Transfer to Mahindra Renewables Private Limited on February 16, 2017			(10,000)	–	–
At the end of the year	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

Particulars Promoter Mahindra Renewables Private Limited including 1 share Jointly with Roshan Gandhi	Shareholding at the beginning of the year (as on 01.04.2016)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the period (as on 31.03.2017)	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the year	–	–	–	–	–
Increase: Transfer from Mahindra Solar One Private Limited on February 16, 2017	–	–	10,000	10,000	100
Increase: Allotment of Equity shares on Right Basis as on 30/03/2017	–	–	50,000	50,000	100
At the end of the year	–	–	–	**60,000**	**100**

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

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders	**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 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)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Particulars	Shareholding at the end of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP	**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 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	–	–	–	–

V. INDEBTEDNESS

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

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016				
1. Principal Amount	–	–	–	–
2. Interest due but not paid	–	–	–	–
3. Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2017				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total (1+2+3)	–	–	–	–

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	Name of the MD/WTD/ Manager	Total Amount
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors (Independent Directors/Other Non-Executive Directors):

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Overall Cieling as per the Act.	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: NOT APPLICABLE

		(Amount in Rupees)		
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
1	**Gross Salary**	**Chief Executive Officer**	**Chief Financial Officer**	**Company Secretary**
	(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	–	–	–
	Total	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) : NIL

Type	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	–	–	–	–	–	–
Other Officers In Default	–	–	–	–	–	–
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compound-ing	–	–	–	–	–	–

For and on behalf of the Board
Mahindra Suryaurja Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : May 5, 2017

INDEPENDENT AUDITORS' REPORT

To The Members of Mahindra Suryaurja Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mahindra Suryaurja Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, 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.

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

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 No. 100459)

Place: Mumbai
Date: May 5, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph E 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 ("the Act")

We have audited the internal financial controls over financial reporting of MAHINDRA SURYAURJA PRIVATE LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 (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 respective 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 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, 2017, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.117364W)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Date: May 5, 2017

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 on the accounts of Mahindra Suryaurja Private Limited ("the Company") for the year ended 31st March, 2017)

(i) The company does not have any fixed assets and hence reporting under clause 3 (i) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause 3 (ii) of the Order 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 and hence reporting under clause 3 (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. 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.

(vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has not 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, 2017 for a period of more than six months from the date they became payable except:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Due Date	Date of subsequent payment
Income Tax	TDS U/s 194J	7,500/-	March 2016	April 30, 2016	April 27, 2017

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks or 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 clause (ix) of the 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 material 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 Order is not applicable.

(xiii) The provisions of Section 177 of the Act, 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 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.

(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 its directors of its holding company or persons connected with him, the company does not have any subsidiaries or associates during the year and hence provisions of section 192 of the Act, 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.117364W)

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Date: May 5, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees

	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I	**ASSETS**				
	CURRENT ASSETS				
	(a) Financial Assets				
	(i) Cash and Cash Equivalents	3	**506,439**	–	–
	SUB-TOTAL		**506,439**	–	–
	TOTAL ASSETS		**506,439**	–	–
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a) Equity Share Capital	4	**600,000**	100,000	100,000
	(b) Other Equity	5	**(567,489)**	(299,612)	(169,085)
			32,511	(199,612)	(69,085)
	LIABILITIES				
2	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings	6	**60,000**	–	–
	(ii) Trade Payables	7	**378,827**	192,112	69,085
	(iii) Other Financial Liabilities	8	**4,657**	–	–
	(b) Other Current Liabilities	9	**30,444**	7,500	–
	SUB-TOTAL		**473,928**	199,612	69,085
	TOTAL EQUITY AND LIABILITIES		**506,439**	–	–

The accompanying notes 1 to 15 are an integral part of the Financial Statements

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

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Ketan Vora
Partner

Place: Mumbai
Date: May 5, 2017

Place: Mumbai
Date: May 5, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

	Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I	**Revenue**		–	–
II	**Expenses**			
	(a) Finance costs	10	**5,175**	–
	(b) Other expenses	11	**262,702**	130,527
	Total Expenses		**267,877**	130,527
III	**Loss before tax (I-II)**		**(267,877)**	(130,527)
IV	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
	Total tax expense		–	–
V	**Loss after tax (III-IV)**		**(267,877)**	(130,527)
VI	**Other comprehensive income**		–	–
	A (i) Items that will not be reclassified to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
VII	**Total comprehensive income for the year (V+VI)**		**(267,877)**	(130,527)
VIII	**Earnings per equity share (Face Value of Rs. 10/- each)**			
	(i) Basic	12	**(26.16)**	(13.05)
	(ii) Diluted	12	**(26.16)**	(13.05)

The accompanying notes 1 to 15 are an integral part of the Financial Statements

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

Ketan Vora
Partner

Place: Mumbai
Date: May 5, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: May 5, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
Balance As at 1 April 2015	100,000
Changes in equity share capital during the year	–
Balance As at 31 March 2016	100,000
Issue of fully paid up equity shares	500,000
Balance As at 31 March 2017	**600,000**

B. Other Equity

Rupees

Particulars	**Reserves and surplus – Retained Earnings**	**Items of other Comprehensive Income**	**Total**
Balance As at 1 April 2015	(169,085)	–	(169,085)
Loss for the year	(130,527)	–	(130,527)
Items of Other Comprehensive Income	–	–	–
Total Comprehensive Income for the year	(130,527)	–	(130,527)
Balance As at 31 March 2016	**(299,612)**	–	**(299,612)**
Loss for the year	(267,877)	–	(267,877)
Items of Other Comprehensive Income	–	–	–
Other Comprehensive Income for the year	(267,877)	–	(267,877)
Balance As at 31 March 2017	**(567,489)**	**–**	**(567,489)**

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

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Ketan Vora
Partner

Place: Mumbai
Date: May 5, 2017

Place: Mumbai
Date: May 5, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
Cash flow from operating activities			
Loss before tax for the year	**PL**	**(267,877)**	(130,527)
Adjustments for:			
Finance costs recognised in profit or loss	**10**	**5,175**	–
Movements in working capital:			
Increase in trade and other payables	**7**	**186,715**	123,027
Increase in other liabilities	**9**	**22,426**	7,500
Cash generated from operations		**214,316**	130,527
Income taxes paid		**–**	–
Net cash generated by operating activities		**(53,561)**	–
Cash flows from investing activities			
Net cash (used in)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from issue of equity shares	**4**	**500,000**	–
Proceeds from borrowings	**6**	**60,000**	–
Net cash generated from financing activities		**560,000**	–
Net increase in cash and cash equivalents		**506,439**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year	**3**	**506,439**	–

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

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Ketan Vora
Partner

Place: Mumbai
Date: May 5, 2017

Place: Mumbai
Date: May 5, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1 Corporate information

Mahindra Suryaurja Private Limited is set up with an object to develop solar power projects. The Company is a Public Company by virtue of provision to section 2(71) of the Companies Act , 2013 as it is a step down subsidiary of a public limited Company.

2 Significant accounting policies

A Basis of accounting, preparation & presentation of financial statements

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The company adopted Ind AS from 1st April, 2016. Up to the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

B Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the ScheduleIII to the Companies Act, 2013. Based on the nature of services and the time between the provision 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 or non-current classification of assets and liabilities.

C Use of Estimates

The preparation of financial statements in conformity with Ind AS set out under the Companies (Indian Accounting Standards) Rules 2015, requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, 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.

D 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 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 to Financial Statements. Contingent assets are neither recognised nor disclosed in the financial statements."

E Cash Flow Statement

The Cash Flow Statement has been prepared under the "Indirect Method" set out in Ind AS-7 "Statement of Cash Flows" notified under the The Companies (Indian Accounting Standard) Rules, 2015.

F Earnings per share

The company reports Earnings Per Share (EPS) in accordance Earning Per Share notified under the The Companies (Indian Accounting Standards) Rules, 2015. Basic EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year.

G Borrowing Cost

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. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

H Financial Instrument- Financial Assets and liability

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial Assets

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item."

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

Note No. 03 – Cash and Cash Equivalent

Rupees

Particulars	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Cash and cash equivalents			
Balances with banks in current account	**506,439**	–	–
Total Cash and Cash Equivalent as per cash flow	**506,439**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note:

Disclosure for specified Bank notes (SBNs):

Rupees

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note No. 4 – Equity Share Capital

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised:			
60,000 equity shares of Rs.10 each (As March 31, 2016 and April 01, 2015: 10,000 equity shares of Rs. 10 each)	**600,000**	100,000	100,000
Issued, Subscribed and Fully Paid:			
60,000 full paid up equity shares of Rs.10 each (As March 31, 2016 and April 01, 2015: 10,000 equity shares of Rs. 10 each)	**600,000**	100,000	100,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	Opening Balance	Right Issue	Closing Balance
Equity Shares with voting rights			
Year Ended 31 March 2017			
No. of Shares	10,000	50,000	60,000
Amount in Rupees	100,000	500,000	600,000
Year Ended 31 March 2016			
No. of Shares	10,000	–	10,000
Amount in Rupees	100,000	–	100,000
Year Ended 1 April 2015			
No. of Shares	10,000	–	10,000
Amount in Rupees	100,000	–	100,000

(ii) Details of shares held by the holding company:

Particulars	Equity Shares with Voting rights
Balance at 31 March 2017	
Mahindra Renewables Private Limited	60,000
Balance at 31 March 2016	
Mahindra Solar One Private Limited	10,000
Balance As at 1 April 2015	
Mahindra Solar One Private Limited	10,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2017 Number of shares held	As at 31st March, 2017 % holding in that class of shares	As at 31st March, 2016 Number of shares held	As at 31st March, 2016 % holding in that class of shares	As at 1st April, 2015 Number of shares held	As at 1st April, 2015 % holding in that class of shares
Equity shares with voting rights						
Mahindra Renewables Private Limited (Holding Company)	**60,000**	**100%**	–	–	–	–
Mahindra Solar One Private Limited (Holding Company)	**–**	**–**	10,000	100%	10,000	100%

Note No. 5 – Other Equity

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retained Earnings	**(567,489)**	(299,612)	(169,085)
Toal Other Equity	**(567,489)**	(299,612)	(169,085)

Note No. 6 – Current Borrowings

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. **Unsecured at amortised cost**			
Loans from related parties (refer note (i) and (ii) below and Note no. 13)	**60,000**	–	–
Total Current Borrowings	**60,000**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note:
(i) Amout repyable to related party of the company. Interest of 10.25% per annum is charged on the outstanding loan balance.

(ii) The terms of repayment of inter-corporate deposit is stated below:

Particulars	Amount Outstanding (Rupees)	Terms of Repayment	Rate of Interest
Mahindra Renewables Private Limited (Holding Company)	60,000	Bullet repayment after 1 year along with interest.	10.25%

Note No. 7 – Trade Payables

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Amount	Amount	Amount
Trade payable – Micro and small enterprises	**–**	–	–
Trade payable – Other than micro and small enterprises	**378,827**	192,112	69,085
Total Trade Payables	**378,827**	192,112	69,085

Notes:
(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

(3) The Company has financial risk management poicies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note No. 8 – Other Financial Liabilities

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other Financial Liabilities			
Interest accured but not due on borrowings (Refer Note (i) below)	**4,657**	–	–
Total Other Financial Liabilities	**4,657**	–	–

Note :
(i) Interest Expense of Rs 4,657 was recognised for the year ended 31st March 2017 (from 27th May 2016 to March 31, 2017) and Rs. 849 will be recognised in 2017-18 (1st April 2017 to 26th May 2017).

Note No. 9 – Other Current Liabilities

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Amount	Amount	Amount
Others-			
Statutory dues payables (income taxes-TDS)	**30,444**	7,500	–
Total Other Current Liabilities	**30,444**	7,500	–

Note No. 10 – Finance Cost

Rupees

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on loan from related party (Refer Note 13)	**5,175**	–
Total Interest Expenses on Financial Liabilities at amortized cost	**5,175**	–

Note No. 11 – Other Expenses

Rupees

Particulars			Year ended 31st March, 2017	Year ended 31st March, 2016
(a)	Auditors remuneration and out-of-pocket expenses			
	As statutory auditors – audit fees		**1,35,000**	15,000
(b)	Other expenses			
	(i)	Legal and Professional fees	**96,044**	115,527
	(ii)	Bank Charges	**2,358**	–
	(iii)	Share issue expenses	**20,000**	–
	(iv)	Miscellaneous expenses	**9,300**	–
Total Other Expenses			**262,702**	130,527

Note No. 12 – Basic And Diluted Earning per share

The earnings and weighted average number of shares used in the calculation of earnings per share are as follows:

Rupees

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Loss for the year	**(267,877)**	(130,527)
Weighted average number of equity shares	**10,240**	10,000
Earnings per share from continuing operations – Basic and Diluted	**(26.16)**	(13.05)

Note No. 13 – Financial Instruments

(i) Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

The Company is not subject to any externally imposed capital requirements.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Debt-to-equity ratio as of 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Debt (A)	**60,000**	–	–
Equity (B)	**32,511**	(199,612)	(69,085)
Debt Ratio (A/B)	**1.85**	–	–

Categories of financial assets and financial liabilities:

(a) Financial Assets

As at 31 March 2017 **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	**506,439**	**–**	**–**	**506,439**

As at 31 March 2016 **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	–	–	–	–

As at 31 March 2015 **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	–	–	–	–

(b) Financial Liabilities

As at 31 March 2017 **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings	**60,000**	**–**	**–**	**60,000**
Trade Payables	**378,827**	**–**	**–**	**378,827**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**4,657**	**–**	**–**	**4,657**

As at 31 March 2016 **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	192,112	–	–	192,112

As at 1 April 2015 **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	69,085	–	–	69,085

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	383,484	–	–	–
Fixed interest rate instruments	60,000	–	–	–
Total	443,484	–	–	–
31-Mar-16				
Non-interest bearing	192,112	–	–	–
Total	192,112	–	–	–
1-Apr-15				
Non-interest bearing	69,085			
Total	69,085	–	–	–

Note No. 14 – Related Party Transactions

Name of the parent Company	
Upto 15th Feburary 2017	Mahindra Solar One Private Limited
From 16th Feburary 2017	Mahindra Renewables Private Limited
Name of ultimate Holding Company	
Upto 15th Feburary 2017	Kiran Energy Solar Power Private Limited
From 16th Feburary 2017	Mahindra & Mahindra Limited
Name of Director	Mr. Roshan Gandhi

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Details of transactions between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Director	Mahindra Renewables Private Limited	Mahindra Solar One Private Limited	Mahindra & Mahindra Limited
Nature of transactions with Related Parties					
Receiving of services	31-Mar-17	–	7,500	–	87,095
	31-Mar-16	–	–	–	85,875
Interest on loan taken	31-Mar-17	–	5,175	–	–
	31-Mar-16	–	–	–	–
Loan taken	31-Mar-17	–	60,000	–	–
	31-Mar-16	–	–	–	–
Advance Taken	31-Mar-17	25,000	–	–	–
	31-Mar-16	–	–	–	–
Advance Repaid	31-Mar-17	25,000	–	–	–
	31-Mar-16	–	–	–	–
Equity contribution by the parent Company	31-Mar-17	–	500,000	–	–
	31–Mar–16	–	–	–	–

Nature of Balances with Related Parties	Balance as on	Director	Mahindra Renewables Private Limited	Mahindra Solar One Private Limited	Mahindra & Mahindra Limited
Trade payables	31–Mar–17	–	7,500	4,777	157,895
	31–Mar–16	–	–	4,777	78,000
Other Financial Liablilities	31–Mar–17	–	4,657	–	–
	31–Mar–16	–	–	–	–
Loan Outstanding	31–Mar–17	–	60,000	–	–
	31–Mar–16	–	–	–	–

Note:

There are no amounts written off /written back in case of any outstanding balance of related parties.

Note No. 15 – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Rupees

Particulars	As at 31st March, 2016	As at 1st April, 2015
Equity as reported under previous GAAP	**(199,612)**	(69,085)
Ind AS: Adjustments increase/ (decrease)	**–**	–
Equity as reported under Ind AS	**(199,612)**	(69,085)

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Rupees

Particulars	Year Ended 31st March, 2016
Losses as per previous GAAP	(299,612)
Ind AS: Adjustments increase (decrease):	–
Loss for the year under Ind AS	(267,877)
Other comprehensive income	–
Total comprehensive income under Ind AS	(567,489)

Note:

No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

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

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Ketan Vora
Partner

Place: Mumbai
Date: May 5, 2017

Place: Mumbai
Date: May 5, 2017

DIRECTORS' REPORT

Your Directors present their Fourth Report together with the Audited Standalone Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	For the year ended 31st March, 2017#	For the year ended 31st March, 2016#
Income		
Revenue from Operations (Gross)	**2,317.22**	–
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**2,317.22**	–
Other Income	**35.83**	101.81
Total Income	**2,353.05**	101.81
Expenses		
Other Expenses	**148.04**	230.74
Depreciation and Amortization Expenses	**992.74**	–
Finance Costs	**1,014.70**	–
Total Expenses	**2,155.48**	230.74
Profit/(Loss) before Tax	**197.57**	(128.93)
Provision for Tax	**59.74**	(68.04)
Profit/(Loss) for the year from continuing operations	**137.84**	(60.90)
Balance of profit from earlier years	**(59.25)**	1.64
Balance carried forward	**78.58**	(59.25)
Amount carried forward to reserves	**78.58**	(59.25)
Net worth	**6,129.05**	5,991.22

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 OF THE COMPANY

The Company has successfully commissioned the 30 Mega Watts ("MW") Alternate Current ("AC") solar power plant at Tandur District in the state of Telangana. Cleansolar has earned Rs. 2,317.22 lakhs from the sale of power post commissioning. The foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

The Company's income for the year was Rs. 2,353.05 lakhs compared to Rs. 101.81 lakhs in the previous year. Profit after tax for the year was at Rs. 137.84 lakhs as compared to Loss after tax of Rs. 60.90 lakhs in the previous year.

OUTLOOK FOR THE CURRENT YEAR

The Company will continue to focus on operating the 30 MW AC solar power plant at Tandur District in the state of Telangana. The Company will also continue to evaluate opportunities to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

DIVIDEND

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

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

The Company has no subsidiaries, associates or joint ventures.

APPOINTMENT OF REGISTRAR & SHARE TRANSFER AGENT

Pursuant to the order of Securities and Exchange Board of India (SEBI) against Sharepro Services (India) Private Limited, erstwhile Registrar & Share Transfer Agents of the Company, restraining it from buying, selling or dealing in the securities market, the Board of Directors of your Company at their Meeting held on April 28, 2016 have approved the appointment of M/s. Karvy Computershare Private Limited, as the Registrar & Share Transfer Agent of the Company.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to include clause(s) to appoint lenders' Nominee Director in case of default, deemed Share Transfer clause as per the standard requisition from the lending bank and amend the common seal clause.

SHARE CAPITAL

During the year under review, there has been no change in the Authorized or Paid-up share Capital of your Company

The Authorized Share Capital of your Company as on 31st March, 2017 stood at Rs. 9,70,00,000 (Rupees Nine Crores Seventy Lakhs Only) divided into 97,00,000 (Ninety Seven Lakhs) Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each.

The issued, subscribed and paid-up share capital of your Company as on 31st March 2017 stood at Rs. 9,62,30,000 (Rupees Nine Crore Sixty Two Lakh Thirty Thousand Only) divided into 96,23,000 (Ninety Six Lakh Twenty Three Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent	No. of Board meetings attended
1.	Basant Jain	00220395	Non-Executive	Non – Independent	4
2.	Roshan Gandhi	00010478	Non-Executive		4
3.	Sriram Ramachandran	07319032	Non-Executive		3
4.	Bharat Upadhyay	02189485	Non-Executive	Additional - Independent	Refer Note *
5.	Rajiv Sarin	05351721			

* Appointed as an Additional (Independent) Director w.e.f. 25th April, 2017

The Company has received the notice(s) along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Bharat Upadhyay and Mr. Rajiv Sarin as candidates for the office of Director at the forthcoming Annual General Meeting (AGM) of the Company. Your Directors recommend for your consideration, their appointment as Directors at the forthcoming AGM.

Mr. Roshan Gandhi (DIN: 00010478) is liable to retire by rotation and being eligible for re-appointment at the forthcoming AGM of your Company, has offered himself for re-appointment.

During the year under review, the Board of Directors conducted four meetings on April 28, 2016, August 26, 2016, December 21, 2016 and February 09, 2017.

During the year under review, 3rd (Third) AGM of your Company was held on September 30, 2016. There were four Extra-ordinary General Meetings of your Company held during the year i.e. on April 04, 2016, August 29, 2016, February 10, 2017 and March 27, 2017.

The Company has received declarations from Mr. Bharat Upadhyay and Mr. Rajiv Sarin, 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.

All the Directors of your Company including the Independent Directors 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.

COMMITTEES OF THE BOARD

On April 25, 2017, the Board had constituted Nomination and Remuneration Committee ("NRC") and Audit Committee ("AC") comprising of Mr. Bharat Upadhyay, as Chairman of both these Committees, Mr. Rajiv Sarin and Mr. Sriram Ramachandran as Members.

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 appointments/changes in Key Managerial Personnel took place:-

Mr. Mohammed Slatewala (ACS A38888), Company Secretary resigned with effect from July 23, 2016. Ms. Harshali Kamat (ACS A38084) was appointed in his place with effect from August 26, 2016.

The provisions relating to appointment of other KMPs as required under section 203 of the Companies Act 2013 are not applicable to the Company as the Company's paid up capital is below the thresh hold limit specified therein.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on 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;
- 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 the end of the financial year and of the profit of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy 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 in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on September 30, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM up to the conclusion of the Sixth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing fourth AGM of the Company.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors has 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, are attached herewith as **Annexure I** and forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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.

Your company has not made any loans, investments and guarantees 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 availed any loans/advances and investments 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 holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on 31st March 2017 in form MGT-9 is annexed 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received, if any, regarding sexual harassment. During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 and annual evaluation under Section 134(3)(p) of the Act, are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions / events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

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

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

Buyers Credit facility of USD 125.14 Lakhs was availed towards payment for project cost and the foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

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.

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

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:

(Rupees in Lakhs)

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		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited	Ultimate Holding Company)	Annual/Recurring/ Ongoing Contract	Receiving of Secretarial services	1.44	Not applicable (Refer Note 2)	NIL
2.	Mahindra Susten Private Limited	Intermediate Holding Company		Purchase of property and other assets (power plant)	5,738.33		
3.	Mahindra Susten Private Limited	Intermediate Holding Company		Receiving of services for setting up solar power plant	109.80		

Note:

1. Material Contracts: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain **Roshan Gandhi**
Director **Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2017

[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	U40108MH2013PTC250684
2.	Registration Date	03/12/2013
3.	Name of the Company	Cleansolar Renewable Energy Private Limited
4.	Category/Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	**KARVY COMPUTERSHARE PVT. LTD.** Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Tel.: 040 67162222 Fax : 23001153 Email id : venu.sp@karvy.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 Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Electric power generation using solar energy	35105	98.47%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100 *	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	96,23,000	96,23,000	100	96,22,999	1	96,23,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**–**	**96,23,000**	**96,23,000**	**100**	**96,22,999**	**1**	**96,23,000**	**100**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (1+2)	**–**	**96,23,000**	**96,23,000**	**100**	**96,22,999**	**1**	**96,23,000**	**100**	**–**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**-**	**96,23,000**	**96,23,000**	**100**	**96,22,999**	**1**	**96,23,000**	**100**	**-**

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1.4.2016)			Shareholding at the end of the year (as on 31.03.2017)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	96,22,999	100	–	96,22,999	100	30%	–
2.	Mahindra Renewables Private Limited Jointly with Roshan Gandhi*	1	–	–	1	–	–	–
TOTAL		**96,23,000**	**100**	**–**	**96,23,000**	**100**	**30%**	**–**

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding: There is no change in promoter's shareholding during the year under review.

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
Nil					

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	
	Name of the Director/KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Nil					

V. INDEBTEDNESS

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

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	3,571.79	–	–	3,571.79
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	15.84	–	–	15.84
Total of (1+2+3)	3,587.63	–	–	3,587.63
Change in Indebtedness during the financial year				
+ Addition	14,971.23	–	–	14,971.23
- Reduction		–	–	–
Net change	14,971.23	–	–	14,971.23
Indebtedness at the end of the financial year-31.03.2017				
1) Principal Amount	18,496.75	–	–	18,496.75
2) Interest due but not paid		–	–	–
3) Interest accrued but not due	62.11	–	–	62.11
Total of (1+2+3)	18,558.86	–	–	18,558.86

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 the MD/WTD/ Manager	Total Amount
1	Gross salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors:

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Overall Ceiling as per the Act	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

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

(Amount in Rupees)

Sr. No	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
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	–	–	–
	Others please specify	–	–	–
	Professional Fees	–	–	30,000
	Total (C)	–	–	**30,000**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) : 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Cleansolar Renewable Energy Private Limited

Basant Jain **Roshan Gandhi**
Director **Director**

Place : Mumbai
Date : 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
CLEANSOLAR RENEWABLE ENERGY PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Cleansolar Renewable Energy Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its profit including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences on account of conversion to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 as on March 31, 2017, which would have an impact on its financial position.
        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term and derivative contracts.
        iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. According to the information and explanations given to us and as indicated in Note 9a to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 25, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Cleansolar Renewable Energy Private Limited for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. i The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   ii. The Company has physically verifies its fixed assets during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. the discrepancies noted on such verification were not material and have been adjusted in the books of accounts.
   iii. The title deeds of the freehold land are held in the name of the Company.
2. The Company is in the business of generation & distribution of Solar Power and consequently does not hold 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 para 3(iii) of the Order are not applicable to the Company.
4. The Company has not granted any loans 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. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the company.
6. In our opinion and according to the information and explanations given to us, the Company 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 information and explanations given to us and the records of the Company examined by us in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.
   (ii) According to the information and explanations given to us and the records of the Company examined by us in our opinion, the Company there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.
9. The money raised by the Company by way of buyers' credit term loans during the year has been utilised for the purposes for which it was taken. The Company has neither raised any money by way of initial public offer nor any further public offer (including debt instruments).
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.
11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.
16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: April 25, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CLEANSOLAR RENEWABLE ENERGY 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 Cleansolar Renewable Energy Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS 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, 2017, 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: April 25, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

		Note No.	As at 31st March 2017	As at 31st March 2016	Rupees As at 1st April 2015
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	4	**2,416,172,413**	–	–
	(b) Capital Work-in-Progress		**–**	1,892,436,148	1,213,024
	(i) Deferred Tax Assets (Net)	5	**936,925**	6,910,626	17,546
	(ii) Other Non-current Assets	6	**1,800,000**	–	–
	SUB-TOTAL		**2,418,909,338**	1,899,346,774	1,230,570
	CURRENT ASSETS				
	(a) Financial Assets				
	(i) Investments	7	**–**	15,018,801	180,898,229
	(ii) Trade Receivables	8	**74,925,305**	–	–
	(iii) Cash and Cash Equivalents	9	**87,990,238**	1,880,613	3,449,394
	(iv) Other Bank Balances	9(a)	**31,436,735**	–	–
	(v) Other Financial Assets	10	**375,240**	10,499,746	–
	(b) Current Tax Assets (Net)		**307,019**	1,195,417	204,504
	(c) Other Current Assets	6	**12,263,249**	270,339,275	–
	SUB-TOTAL		**207,297,786**	298,933,852	184,552,127
	TOTAL ASSETS		**2,626,207,124**	2,198,280,626	185,782,697
II	**EQUITY AND LIABILITIES**				
	1 EQUITY				
	(a) Equity Share Capital	SOCE,11	**96,230,000**	96,230,000	29,550,000
	(b) Other Equity	SOCE	**516,675,286**	502,891,701	156,063,871
	SUB-TOTAL		**612,905,286**	599,121,701	185,613,871
	LIABILITIES				
	2 NON-CURRENT LIABILITIES				
	(a) Financial Liabilities				
	(i) Borrowings	12	**1,798,261,071**	357,178,770	
	SUB-TOTAL		**1,798,261,071**	357,178,770	–
	3 CURRENT LIABILITIES				
	(a) Financial Liabilities				
	(i) Trade Payables	13	**10,546,966**	299,386	161,026
	(ii) Other Financial Liabilities	14	**200,284,232**	1,237,546,766	–
	(b) Other Current Liabilities	15	**4,209,569**	4,134,003	7,800
	SUB-TOTAL		**215,040,767**	1,241,980,155	168,826
	TOTAL EQUITY AND LIABILITIES		**2,626,207,124**	2,198,280,626	185,782,697

The accompanying notes 1 to 24 are an integral 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 April 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Note No.	For the current year ended 31st March 2017	Rupees For the previous year ended 31st March 2016
Continuing Operations			
I Revenue from operations	16	**231,722,447**	–
II Other Income	17	**3,582,604**	10,181,139
III **Total Revenue (I + II)**		**235,305,051**	10,181,139
IV **Expenses**			
(a) Finance costs	18	**101,469,721**	–
(b) Depreciation and amortisation expense	4	**99,273,558**	–
(c) Other expenses	19	**14,804,485**	23,074,397
Total Expenses (IV)		**215,547,764**	23,074,397
V **Profit/(loss) before exceptional items and tax (III-IV)**		**19,757,287**	(12,893,258)
Less: Exceptional Items		–	–
VI **Profit/(loss) After exceptional items**		**19,757,287**	(12,893,258)
VII **Share of profit/(loss) of joint ventures and associates**			
(1) Share of profit/(loss) of joint ventures and associated		–	–
VIII **Profit/(loss) before tax**		**19,757,287**	(12,893,258)
IX **Tax Expense**			
(1) Current tax		–	89,409
(2) Deferred tax		**5,973,701**	(6,893,080)
Total tax expense		**5,973,701**	(6,803,671)
X **Profit/(loss) after tax from continuing operations (VIII - IX)**		**13,783,586**	(6,089,586)
XI **Discontinued Operations**			
(1) Profit/(loss) from discontinued operations		–	–
(2) Tax Expense of discontinued operations		–	–
Profit/(loss) after tax from discontinued operations		–	–
XII **Profit/(loss) for the period (X + XI)**		**13,783,586**	(6,089,586)
XIII **Profit/(Loss) from continuing operations for the period attributable to:**			
Owners of the Company		**13,783,586**	(6,089,586)
Non controlling interests		–	–
XIV **Other comprehensive income**		–	–
A (i) Items that will not be recycled to profit or loss		–	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
B (i) Items that may be reclassified to profit or loss		–	–
(ii) Income tax on items that may be reclassified to profit or loss		–	
XV **Total comprehensive income for the period**		**13,783,586**	(6,089,586)
XVI **Total comprehensive income for the period attributable to:**			
Owners of the Company		–	–
Non controlling interests		–	–
XVII **Earnings per equity share (for continuing operation):**			
(1) Basic	20	**1.43**	(0.63)
(2) Diluted	20	**1.43**	(0.63)
XVIII **Earnings per equity share (for continuing and discontinued operations):**			
(1) Basic	20	**1.43**	(0.63)
(2) Diluted	20	**1.43**	(0.63)

The accompanying notes 1 to 24 are an integral 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 April 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Note No.	For the current year ended 31st March 2017	Rupees For the previous year ended 31st March 2016
Cash flows from operating activities			
Profit after tax for the year		**13,783,586**	(6,089,586)
Adjustments for:			
Income tax expense recognised in profit or loss	2	**5,973,701**	(6,803,671)
Finance costs recognised in profit or loss	15	**101,469,721**	–
Investment income recognised in profit or loss	14	**(3,582,604)**	–
Depriciation	1	**99,273,558**	–
Net (gain)/loss recorded in profit or loss on financial liabilities designated as at fair value through profit or loss	16	**(8,157,708)**	–
		208,760,254	(6,803,671)
Movements in working capital:			
Increase in trade and other receivables	4	**(74,925,305)**	–
(Increase)/decrease in Other financial Assets	6	**10,124,506**	–
(Increase)/decrease in other assets	7	**258,076,026**	(281,829,934)
Decrease in trade and other payables	10	**10,247,580**	5,848,521
(Decrease)/increase in other liabilities	12	**(1,230,020,271)**	1,235,386,815
Cash generated from operations		**(817,737,210)**	959,405,402
Income taxes paid		**888,397**	–
Net cash generated by operating activities		**(816,848,813)**	946,512,145
Cash flows from investing activities			
Proceeds on sale of financial assets	3	**15,000,000**	165,879,428
Interest received	14	**3,582,604**	–
Payments for property, plant and equipment	1	**(536,118,913)**	(1,891,223,124)
Net cash (used in)/generated by investing activities		**(517,536,309)**	(1,725,343,696)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	8	**–**	420,084,000
Payment for debt service reserve		**(31,436,735)**	–
Proceeds from borrowings	9	**2,228,728,009**	357,178,770
Repayment of borrowings	9	**(675,326,806)**	–
Interest paid	15	**(101,469,721)**	–
Net cash used in financing activities		**1,420,494,747**	777,262,770
Net increase in cash and cash equivalents		**86,109,625**	(1,568,781)
Cash and cash equivalents at the beginning of the year		**1,880,613**	3,449,394
Cash and cash equivalents at the end of the year		**87,990,238**	1,880,613

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 April 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

A. Equity share capital

	Rupees
As at 1 April 2015	29,550,000
Changes in equity share capital during the year	66,680,000
As at 31 March 2016	96,230,000
Changes in equity share capital during the year	–
As at 31 March 2017	**96,230,000**

B. Other Equity

Rupees

	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1 April 2015	155,899,465	164,406	156,063,871
Profit/(Loss) for the period	–	(6,089,586)	(6,089,586)
Securities premium on Issue of shares	353,404,000	–	353,404,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	509,303,465	(5,925,180)	503,378,285
Equity Share Issuance Costs	(486,584)	–	(486,584)
As at 31 March 2016	508,816,881	(5,925,180)	502,891,701
Profit/(Loss) for the period	–	13,783,586	13,783,586
Other Comprehensive Income/(Loss)			–
Total Comprehensive Income for the year	508,816,881	7,858,405	516,675,286
As at 31 March 2017	**508,816,881**	**7,858,405**	**516,675,286**

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 April 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1. Nature of Operations

Clean Solar Renewable Energy Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Renewable Private Limited. The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) **Significant Accounting Policies Basis of Preparation of Financial Statements**

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

a) 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 recognized prospectively in current and future periods.

b) 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.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised 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.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

c) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) 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. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Foreign Exchange Transactions:

Transactions in foreign currencies are initially 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.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

g) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

h) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer. The Company operates only in one segment viz. sale of solar energy.

i) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

j) 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

m) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

n) 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.

o) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note 4. – Property, Plant and Equipment

Rupees

	Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Total
I.	Gross Carrying Amount			
	Balance as at 1 April 2016	–	–	–
	Additions	163,559,573	2,351,886,398	2,515,445,971
	Balance as at 31 March 2017	**163,559,573**	**2,351,886,398**	**2,515,445,971**
II.	Accumulated depreciation and impairment			
	Balance as at 1 April 2016	–	–	–
	Depreciation expense for the year	–	99,273,558	99,273,558
	Balance as at 31 March 2017	–	99,273,558	99,273,558
III.	**Net carrying amount (I-II)**	**163,559,573**	**2,252,612,840**	**2,416,172,413**

Note:

(1) Assets are charged as security and restriction on titles

Freehold land and the plant have been provided as security against the borrowing.

(2) Method of Depreciation

Depreciation on tangible fixed assets is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Note 5. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 1st April 2015
Current Tax:			
In respect of prior years	–	89,409	–
	–	89,409	–
Deferred Tax:			
Unrecognised tax loss used to reduce deferred tax expense	–	(6,893,080)	(17,546)
Write down/Reversal of previous write-downs of deferred tax assets	**5,973,701**	–	–
	5,973,701	(6,893,080)	(17,546)
Total income tax expense on continuing operations	**5,973,701**	(6,803,671)	(17,546)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Profit before tax from continuing operations	**19,757,287**	(12,893,258)
Income tax expense calculated at 30.90% (2016: 30.90%)#	**6,105,002**	(3,984,017)
Effect of income that is exempt from taxation	**(131,300)**	(3,055,091)
Effect of expenses that is non-deductible in determining taxable profit	**–**	146,028
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**–**	–

Rupees

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Income tax expense recognised In profit or loss from continuing operations for current year	**5,973,701**	(6,893,080)
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	89,409
Income tax expense recognised In profit or loss from continuing operations	**5,973,701**	(6,803,671)

Note:

The tax rate used for the year ended 31 March 2017 and year ended 31st March 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31st March 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**–**	**24,906,853**	**24,906,853**
	–	**24,906,853**	**24,906,853**
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**6,910,626**	**18,933,152**	**25,843,778**
	6,910,626	**18,933,152**	**25,843,778**
Net Tax Asset (Liabilities)	**(6,910,626)**	**5,973,701**	**(936,925)**

Rupees

Particulars	For the Year ended 1st April 2016 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	17,546	6,893,079	6,910,625
	17,546	6,893,079	6,910,625
Net Tax Asset (Liabilities)	(17,546)	(6,893,079)	(6,910,625)

Note 6. – Other assets

Rupees

Particulars	As at 31st March 2017 Current	Non-Current	As at 31st March 2016 Current	Non-Current	As at 1st April 2015 Current	Non-Current
(a) Capital advances						
(i) For Capital work in progress	**–**	**1,800,000**	–	–	–	–
(b) Advances other than capital advances						
(i) Other advances - Fixed Deposits placed as a lien agst loan	**–**	**–**	270,000,000	–	–	–
(ii) Other Advances	**43,131**	**–**	226,500	–	–	–
(c) Other Assets						
– Prepaid Expenses	**572,538**	**–**	112,775	–	–	–
– Unbilled Revenue	**11,647,580**	**–**	–	–	–	–
Total	**12,263,249**	**1,800,000**	270,339,275	–	–	–

Note: All other assets have been provided as security against the borrowing.

Note 7. – Investments

Rupees

Particular	As at 31st March 2017 QTY	Amounts* Current	Amounts* Non-Current	As at 31st March 2016 QTY	Amounts* Current	Amounts* Non-Current	As at 1st April 2015 QTY	Amounts* Current	Amounts* Non-Current
I. Unquoted Investments (all fully paid)									
Investments in Mutual Funds									
Birla Sunlife	**–**	**–**	**–**	–	–	–	300,920	30,150,724	–
Franklin India Treasury Management	**–**	**–**	**–**	–	–	–	30,139	30,160,109	–

Rupees

Particular	As at 31st March 2017 QTY	As at 31st March 2017 Amounts* Current	As at 31st March 2017 Amounts* Non-Current	As at 31st March 2016 QTY	As at 31st March 2016 Amounts* Current	As at 31st March 2016 Amounts* Non-Current	As at 1st April 2015 QTY	As at 1st April 2015 Amounts* Current	As at 1st April 2015 Amounts* Non-Current
ICICI Prudential Money Market Fund	–	–	–	–	–	–	301,065	30,145,453	–
IDFC Cash	–	–	–	–	–	–	10,046	10,050,757	–
Sundaram Money Fund	–	–	–	–	–	–	1,990,883	20,098,561	–
Taurus Liquid Fund	–	–	–	–	–	–	30,138	30,145,883	–
UTI Money Market Fund	–	–	–	94,045	15,018,801	–	30,045	30,146,742	–
Total Unquoted Investments	–	–	–	94,045	15,018,801	–	2,693,236	180,898,229	–
INVESTMENTS CARRIED AT FVTPL	–	–	–	94,045	15,018,801	–	2,693,236	180,898,229	–
Total impairment value for investments									
TOTAL INVESTMENTS CARRYING VALUE	–	–	–	94,045	15,018,801	–	2,693,236	180,898,229	–

Note 8. – Trade receivables

Rupees

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Trade receivables						
Unsecured, considered good	**74,925,305**	**–**	–	–	–	–
TOTAL	**74,925,305**	**–**	–	–	–	–
Of the above, trade receivables from:						
– Related Parties	**–**	**–**	–	–	–	–
– Others- Southern Power Distribution Company of telangana Limited	**74,925,305**	**–**	–	–	–	–
Total	**74,925,305**	**–**	–	–	–	–

Note: All the sundry debtors with have been secured against the borrowings.

Ageing of Sundry debtors

Rupees

Name of Customer	Dues less than 30 days	Dues between 30 days to 60 days	Dues between 60 days to 180 days	Dues more then 180 days
Southern power Distribution Company of Telangana Limited	37,907,402	37,017,903	–	–

Note 9. – Cash and Cash Equivalent

Rupees

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Cash and cash equivalents			
(a) Balances with banks	**10,699,278**	1,880,613	3,449,394
(b) Fixed Deposits with maturity less than 3 months	**77,290,960**	–	–
Total Cash and cash equivalent	**87,990,238**	1,880,613	3,449,394

Note No. 9 (a) – Other Bank Balance

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other Bank Balances			
Earmarked balances with banks	**31,436,735**	–	–
Total Other Bank balances	**31,436,735**	–	–

Reconciliation of Cash and Cash Equivalents

Particulars	**As at 31st March 2017**	As at 31st March 2016	Rupees As at 1st April 2015
Total Cash and Cash Equivalents as per Balance Sheet	**87,990,238**	1,880,613	3,449,394
Add: Bank Overdraft			
Add: Cash and bank balances included in a disposal group held for sale	**–**	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**87,990,238**	1,880,613	3,449,394

Notes

(1) Earmarked balances with banks include Fixed Deposits for Debt Service Reserve

(2) Cash and cash equivalents include cash in hand and in banks, net of overdraft, if any.

(3) Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on November 8,2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note 10. – Other financial assets

Rupees

Particulars	**As at 31st March 2017**		As at 31st March 2016		As at 1st April 2015	
	Current	**Non-Current**	Current	Non- Current	Current	Non- Current
Financial assets at amortised cost						
Interest Accrued on Fixed Deposit	**375,240**	**–**	10,499,746	–	–	–
	–	**–**	–	–		
Total other financial assets	**375,240**	**–**	10,499,746	–	–	–

Note 11 – Equity Share Capital

Rupees

Particulars	**As at 31st March 2017**		As at 31st March 2016		As at 1st April 2015	
	No. of shares	**Value of shares**	No. of shares	Value of shares	No. of shares	Value of shares
Authorised:						
Equity shares of Rs. 10 each with voting rights	**9,700,000**	**97,000,000**	9,700,000	97,000,000	9,000,000	9,000,000
Issued, Subscribed and Fully Paid:						
Equity shares of Rs. 10 each with voting rights	**9,623,000**	**96,230,000**	9,623,000	96,230,000	2,955,000	2,955,000
Total Equity Share Capital	**19,323,000**	**193,230,000**	19,323,000	193,230,000	11,955,000	119,550,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2017						
No. of Shares	9,623,000	**–**	**–**	**–**	**–**	**9,623,000**
Amount	96,230,000	**–**	**–**	**–**	**–**	**96,230,000**
Year Ended 31 March 2016						
No. of Shares	2,955,000	6,668,000	–	–	–	9,623,000
Amount	29,550,000	66,680,000	–	–	–	96,230,000
Year Ended 31 March 2015						
No. of Shares	10,000	2,945,000	–	–	–	2,955,000
Amount	100,000	29,450,000	–	–	–	29,550,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	No. of Shares Others
As at 31 March 2017			
Mahindra Renewable Private Limited, the Holding Company	**9,623,000**	**–**	
As at 31 March 2016			
Mahindra Renewable Private Limited, the Holding Company	9,623,000	–	
As at 1 April 2015			
Mahindra Renewable Private Limited, the Holding Company	2,955,000	–	

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31st March 2017** Number of shares held	**As at 31st March 2017** % holding in that class of shares	As at 31st March 2016 Number of shares held	As at 31st March 2016 % holding in that class of shares	As at 31st March 2015 Number of shares held	As at 31st March 2015 % holding in that class of shares
Equity shares with voting rights						
Mahindra Renewable Private Limited	**9,623,000**	**100%**	9,623,000	100%	2,955,000	100%

Note 12. – Non-Current Borrowings

Particulars	Rate of Interest	Maturity	**As at 31st March 2017** Amount	As at 31st March 2016 Amount	Rupees As at 1st April 2015 Amount
Measured at amortised cost*					
A. **Secured Borrowings:**					
(a) Bonds/Debentures	–	–	**–**	–	–
(b) Term Loans					
(1) From Bank					
Yes Bank	Yes bank Base rate+0.25% spread	To be repaid in 55 installment by 30th sept. 2031	**67,275,853**	–	–
Bank of Baroda	8.50%	To be repaid on 28-05-2018	**164,235,249**	171,932,082	–
Bank of Baroda	8.32%	To be repaid on 01-06-2018	**164,996,857**	171,932,082	–
Bank of Baroda	8.32%	To be repaid on 04-06-2018	**12,668,270**	13,314,605	–
Bank of Baroda	7.96%	To be repaid on 11-02-2019	**32,416,917**	–	–
Canra Bank	7.82%	To be repaid on 15-02-2019	**87,820,256**	–	–
Canra Bank	7.89%	To be repaid on 20-02-2019	**223,880,407**	–	–
Canra Bank	7.92%	To be repaid on 22-02-2019	**223,734,104**	–	–
Canra Bank	7.80%	To be repaid on 26-02-2019	**48,618,838**	–	–
Canra Bank	7.93%	To be repaid on 08-03-2019	**184,363,768**	–	–
				–	–
(2) From Others Party- Adititya Birla Finance	Yes bank Base rate+0.25% spread	To be repaid in 55 installment by 30th sept. 2031	**588,250,552**	–	–
Total Non Current Borrowings			**1,798,261,071**	357,178,770	–

Notes:

(1) The Company has borrowed funds for project financing from banks. It has availed Buyers' Credit of USD 178,63,538 for three years at at 6MLIBOR + margin p.a. Buyers' Credit is repayable in March 2019. The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate. As per the sanctioning terms from the Bank, at the end of three years the Company has a right to repay the Buyers' Credit by borrowing from the limits for long term debt.The company has taken a term loan of INR 12,00,00,000 from bank and Rs. 65,00,00,000 from financials institution for a period of 15 years at Bank base rate + spread, the amount is repayable in 55 structured instalments starting from March 2017. The amount which is payable in period under normal operating cycle of the company is treated as current. The borrowings are secured against the assets of the Company.

(i) Details of Long term Borrowings of the Company:

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Date of Redemption(or) Conversion	Narrative remarks*	**Amortised cost as at 31st March 2017**	Amortised cost as at 31st March 2016	Amortised cost as at 1st April 2015
Secured								
Term loans from banks: yes Bank	INR	Yes bank Base rate+0.25% spread	Yes bank Base rate+0.25% spread	To be repaid in 55 installment by 30th sept. 2031		**67,275,853**	–	–
YES Bank	USD	8.66%	8.50%	To be repaid on 28-05-2018		**164,235,249**	171,932,082	–
YES Bank	USD	8.43%	8.32%	To be repaid on 01-06-2018		**164,996,857**	171,932,082	–
YES Bank	USD	8.52%	8.32%	To be repaid on 04-06-2018		**12,668,270**	13,314,605	–
YES Bank	USD	8.07%	8.07%	To be repaid on 11-02-2019		**32,416,917**		
YES Bank	USD	7.93%	7.93%	To be repaid on 15-02-2019		**87,820,256**		
YES Bank	USD	8.00%	8.00%	To be repaid on 20-02-2019		**223,880,407**		
YES Bank	USD	8.03%	8.03%	To be repaid on 22-02-2019		**223,734,104**		
YES Bank	USD	7.91%	7.91%	To be repaid on 26-02-2019		**48,618,838**		
YES Bank	USD	8.04%	8.04%	To be repaid on 08-03-2019		**184,363,768**		
Term loans from other parties:								
Aditya birla Finance Ltd.	INR	Yes bank Base rate+0.25% spread	Yes bank Base rate+0.25% spread	To be repaid in 55 installment by 30th sept. 2031		**588,250,552**		
Total						**1,730,985,217**	357,178,770	–

Note 13. – Trade Payables

Rupees

Particulars	**As at 31st March 2017**		As at 31st March 2016		As at 1st April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade payable - Micro ans small enterprises	–	–	–	–	–	–
Trade payable - Other than micro ans small enterprises	**10,546,966**	–	299,386	–	161,026	–
Total trade payables	**10,546,966**	–	299,386	–	161,026	–

Note:

(1) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

(2) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note 14. – Other Financial Liabilities

Rupees

Particulars	**As at 31st March 2017**	As at 31st March 2016	As at 1st April 2015
Other Financial Liabilities Measured at Amortised Cost			
Current			
(a) Current maturities of long-term debt		–	–
1) Yes bank	**5,276,538**	–	–
2) Aditya Birla Finance Limited	**46,137,298**	–	–
(b) Interest accrued	**6,210,916**	1,583,958	–
(c) Other liabilities			
(1) Creditors for capital supplies/services	**66,812,213**	1,230,020,271	–
Other Financial Liabilities Measured at Fair value			
Derivatives not designated as a hedging instruments	**75,847,267**	5,942,537	–
Total other financial liabilities	**200,284,232**	1,237,546,766	–

Note 15. – Other Liabilities

Rupees

Particulars	**As at 31st March 2017**		As at 31st March 2016		As at 1st April 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Statutory dues						
– taxes payable (other than income taxes)	**4,209,569**	–	4,134,003	–	7,800	–
Total other liabilities	**4,209,569**	–	4,134,003	–	7,800	–

Note 16. – Revenue from Operations

Rupees

Particulars	**For the current year ended 31st March 2017**	For the previous period ended 31st March 2016
Revenue from sale of solar power	**231,722,447**	–
Total revenue from operations	**231,722,447**	–

Note 17. – Other Income

Particulars		For the previous period ended 31st March 2017	Rupees For the previous period ended 31st March 2016
(a)	Interest Income		
	On Financial Assets at Amortised Cost	**3,121,899**	294,112
(b)	Dividend Income*	**406,119**	9,887,027
(c)	Other- Interest on income Tax	**54,586**	–
Total Other Income		**3,582,604**	10,181,139

Note 18. – Finance Cost

Particulars	For the current year ended 31st March 2017	Rupees For the previous period ended 31st March 2016
Interest expense	**101,469,721**	–
Total Finance Cost	**101,469,721**	–

Note 19 – Other Expenses

Particulars		For the current year ended 31st March 2017	Rupees For the previous period ended 31st March 2016
(a)	Insurance	**1,692,414**	–
(b)	Repairs and maintenance - Others	**4,105,500**	–
(c)	Commission, discounts and rebates	**2,907,860**	–
(d)	Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	**(8,157,708)**	7,954,064
(e)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors-stautory audit fees	**125,000**	–
	(ii) For Taxation matters	**50,000**	–
	(iii) For Company Law matters	**–**	–
	(iv) For Other services	**65,000**	–
	(v) For reimbursement of expenses	**–**	–
(f)	Other expenses		
	(i) Legal and other professional costs	**13,366,734**	15,073,465
	(ii) Printing & Stationary	**11,199**	–
	(iii) Bank Charges	**39,578**	–
	(iv) Miscellaneous expenses	**598,909**	46,868
Total Other Expenses		**14,804,485**	23,074,397

Note 20. – Earnings per Share

Particulars	For the current year ended 31st March 2017 Per Share	Rupees For the previous period ended 31st March 2016 Per Share
Basic Earnings per share		
From continuing operations	**1.43**	(0.63)
From discontinuing operations	**–**	–
Total basic earnings per share	**1.43**	(0.63)
Diluted Earnings per share		
From continuing operations	**1.43**	(0.63)
From discontinuing operations	**–**	–
Total diluted earnings per share	**1.43**	(0.63)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the current year ended 31st March 2017	Rupees For the previous period ended 31st March 2016
Profit/(loss) for the year attributable to owners of the Company	**13,783,586**	(6,089,586)
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**13,783,586**	(6,089,586)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**13,783,586**	(6,089,586)
Weighted average number of equity shares	**9,623,000**	9,623,000
Earnings per share from continuing operations - Basic	**1.43**	(0.63)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

Particulars	For the current year ended 31st March 2017	Rupees For the previous period ended 31st March 2016
Profit/(loss) for the year used in the calculation of basic earnings per share	**13,783,586**	(6,089,586)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**13,783,586**	(6,089,586)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**13,783,586**	(6,089,586)

Note 21. – Financial Instruments

Capital 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. 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 31 March 2016 and 1 April 2015 is as follows:

	31st March 2017	31st March 2016	1st April 2015
Debt (A)	**1,798,261,071**	357,178,770	–
Equity (B)	**612,905,286**	599,121,701	185,613,871
Debt Ratio (A/B)	**2.93**	0.60	–

Categories of financial assets and financial liabilities

As at 31st March 2017

Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Trade Receivables	**74,925,305**			**74,925,305**
Other Bank Balances	**31,436,735**			**31,436,735**
Other Financial Assets				
– Non Derivative Financial Assets	**375,240**			**375,240**
Non-current Liabilities				
Borrowings	**1,798,261,071**			**1,798,261,071**
Current Liabilities				
Trade Payables	**10,546,966**			**10,546,966**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**124,436,965**			**124,436,965**
– Derivative Financial Liabilities	**75,847,267**			**75,847,267**

As at 31st March 2016

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments		15,018,801		15,018,801
Trade Receivables				
Other Financial Assets				
– Non Derivative Financial Assets	10,499,746			
Non-current Liabilities				
Borrowings	357,178,770			357,178,770
Current Liabilities				
Trade Payables	299,386			299,386
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,231,604,229			1,231,604,229
– Derivative Financial Liabilities	5,942,537			5,942,537

As at 1st April 2015

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments		180,898,229		180,898,229
Current Liabilities				
Trade Payables	161,026			161,026

Financial Risk Management

Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Telangana and it believes that it is a solvent debt and hence the risk is minimal.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

There is no change in estimation techniques or significant assumptions during the reporting period.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	**83,570,095**	–	–	–
Variable interest rate instruments	**51,413,836**	**102,827,671**	**102,827,671**	**449,871,062**
Fixed interest rate instruments	–	**1,142,734,666**	–	–
Total	**134,983,931**	**1,245,562,337**	**102,827,671**	**449,871,062**
31-Mar-16				
Non-interest bearing	1,237,846,152	–	–	–
Fixed interest rate instruments	–	357,178,770	–	–
Total	1,237,846,152	357,178,770	–	–
1-Apr-15				
Non-interest bearing	161,026	–	–	–
Total	161,026	–	–	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Derivative financial instruments				
31-Mar-17				
Net settled:				
– currency swaps		**75,847,267**		
Total		**75,847,267**		
31-Mar-16				
Net settled:				
– currency swaps		5,942,537		
Total	–	5,942,537	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March 2017 INR	As at 31st March 2016 INR	As at 1st April 2015 INR
Term Loan			
– Expiring beyond one year	**272,825,094**	1,765,321,230	–
	272,825,094	1,765,321,230	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	**106,737,280**			
Total	**106,737,280**	–	–	–
31-Mar-16				
Non-interest bearing	10,499,746			
Variable interest rate instruments	15,018,801			
Total	25,518,547	–	–	–
1-Apr-15				
Non-interest bearing	–			
Variable interest rate instruments	180,898,229			
Total	180,898,229	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31st March 2017	31st March 2016	1st April 2015
Secured Bank Loans	USD	**1,142,734,666**	357,178,770	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage the variable rated loans and borrowings, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2017, after taking into account the effect of interest rate swaps, 63% of the Company's borrowings are at a fixed rate of interest (31 March 2016: 100%, 1 April 2015: Nil).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	**INR**	**+50**	**(3,534,701)**
	INR	**-50**	**3,534,701**

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 22 – Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31st March 2017	31st March 2016	1st April 2015				
Financial assets							
Investments							
1) Mutual fund investments	–	15,018,801	180,898,229	Level 1	Market Value		
Total financial assets	–	15,018,801	180,898,229				
Financial liabilities							
Other Financial Liabilities							
1) Foreign currency swap contracts	**1,186,779,561**	5,942,537	–	Level 2			
Total financial liabilities	**1,186,779,560.71**	5,942,537	–				

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	**31st March 2017**		31st March 2016		1st April 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	**74,925,305**	**74,925,305.00**	–	–	–	–
– Others financial assets	**375,240**	**375,240**	10,499,746	10,499,746		
Financial liabilities						
Financial liabilities held at amortised cost						
– bank loans	**706,940,241**	**706,940,241**	–	–	–	–
– trade and other payables	**83,570,095**	**83,570,095**	1,231,903,615	1,231,903,615	161,026	161,026
Total	**865,810,881**	**865,810,881**	1,242,403,361	1,242,403,361	161,026	161,026

Fair value hierarchy as at 31st March 2017

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	**74,925,305**	**74,925,305**
– Others	–	–	**375,240**	**375,240**
Total	–	–	**75,300,545**	**75,300,545**

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	–	**706,940,241**	**706,940,241**
– trade and other payables	–	–	**83,570,095**	**83,570,095**
Total	–	–	**790,510,336**	**790,510,336**

Fair value hierarchy as at 31st March 2016

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Others Financial assets	–	–	10,499,746	10,499,746
Total	–	–	10,499,746.0	10,499,746.0
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	1,231,903,615	1,231,903,615
Total	–	–	1,231,903,615	1,231,903,615

Fair value hierarchy as at 1 April 2015

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	161,026	161,026
Total	–	–	161,026	161,026

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 23. – Related Party Transactions

Parent Company	Mahindra Renewable Private Limited
Ultimate Holding Company	Mahindra & Mahindra Ltd.
Intermediate Holding Company	Mahindra Susten Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Parent Company	Intermediate Holding Company	Ultimate holding company
Nature of transactions with Related Parties				
Purchase of property and other assets (Power plants)	**31-Mar-17**	**–**	**573,833,272**	**–**
	31-Mar-16	–	1,762,739,002	–
Receiving of services	**31-Mar-17**	**–**	**10,980,000**	**143,749**
	31-Mar-16	–	14,821,818	178,450
Deposit Repaid	**31-Mar-17**	**–**	**200,000**	**–**
	31-Mar-16	–		–
Deposit Taken	**31-Mar-17**	**–**	**200,000**	**–**
	31-Mar-16	–		–
Equity contribution to the Company	**31-Mar-17**		**–**	**–**
	31-Mar-16	420,084,000	–	–

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Trade payables	**31-Mar-17**	**–**	**76,837,430**	**293,734**
	31-Mar-16	–	1,230,182,757	162,486

Note 24. – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Rupees

Particulars	Notes	As at 31st March 2016	As at 1st April 2015
Equity as reported under previous GAAP		600,146,337	185,596,325
Ind AS: Adjustments increase (decrease):			
Deferred income tax		6,910,625	17,545
MTM of mutual fund		18,801	–
Loss on MTM of Derivatives		(7,954,063)	–
Equity as reported under IND AS	SOCE	599,121,701	185,613,871

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Rupees

Particulars	Notes	Year Ended 31st March 2016
Profit or Loss as per previous GAAP		(5,519,988)
Ind AS: Adjustments increase (decrease):		
Deferred tax		6,893,079
Loss on MTM of Derivatives		(5,942,537)
Loss on MTM of Borrowings		(2,011,527)
MTM of Mutual Funds		18,801
Share Issue expenses		472,584
Total adjustment to profit or loss		(569,599)

Particulars	Notes	Rupees Year Ended 31st March 2016
Profit or Loss under Ind AS		(6,089,587)
Other comprehensive income		–
Total comprehensive income under Ind ASs		(6,089,587)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

Analysis of cash and cash equivalents as at 31 March 2016 and 1 April 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	Notes	As at 31st March 2016	Rupees As at 1st April 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		1,880,613	3,449,394
Bank Overdrafts which forms integral part of cash management system			
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP		–	–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP		–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	9	1,880,613	3,449,394

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 April 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Harshali Kamat
Company Secretary

Place : Mumbai
Date : 25 April 2017

DIRECTORS' REPORT

Your Directors present their Second Report together with the Audited Standalone Financial Statements of your Company for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended 31st March, 2017#**	For the year ended 31st March, 2016#
Income		
Other Income	**33.38**	2.35
Total Income	**33.38**	2.35
Expenses		
Other Expenses	**256.86**	73.61
Depreciation and Amortization Expenses		
Finance Costs	**7.38**	0.60
Total Expenses	**264.24**	74.21
Profit/(Loss) before Tax	**(230.86)**	(71.86)
Provision for Tax	**(58.32)**	(21.51)
Profit/(Loss) for the year from Continuing Operations	**(172.54)**	(50.35)
Balance of Profit from earlier years	**(50.35)**	0.00
Balance carried forward	**(222.89)**	(50.35)
Amount carried forward to reserves	**(222.89)**	(50.35)
Net worth	**7,376.93**	1,467.43

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 OF THE COMPANY

The Company is setting up solar power plant of 50 Mega Watts ("MW") Alternate Current ("AC") in Adilabad District in the State of Telangana. The Company has incurred expenditure amounting Rs. 302 Crores till 31st March 2017 for setting up these power plants. The Company has signed the Power Purchase Agreement with Northern Power Distribution Company of Telangana Limited and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

The Company has no subsidiaries, associates or joint ventures.

OUTLOOK FOR THE CURRENT YEAR

The Company will commission the 50 MW AC solar power plant at Adilabad District in the state of Telangana shortly and start generating revenue from sale of power. The Company will also continue to evaluate opportunities to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

DIVIDEND

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

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

DEMATERIALISATION OF SHARES

The shares of your Company were admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE548W01014. Your Company has appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Share Capital clause of the Memorandum of Association of your Company was altered in order to increase the Authorised Share Capital from Rs. 10 crores to Rs. 16.90 crores.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to include clause to appoint Lenders' Nominee Director

in case of default, deemed Share Transfer as per the standard requisition from the lending Bank, Dematerialisation of Shares and to alter the common seal clause.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on 31st March, 2017 stood at Rs. 16,90,00,000 (Rupees Sixteen Crore and Ninety Lakhs Only) divided into 1,69,00,000 (One Crore Sixty Nine Lakhs) equity shares of the face value of Rs.10/- (Rupees Ten only) each.

Further issue of Share Capital

During the year under review, your Company made the following allotments to Mahindra Renewables Private Limited on Rights Basis:

- Allotment of 59,60,000 equity shares of face value of the Rs. 10/- each at the premium of Rs. 53/- per share aggregating to Rs. 37.55 crores on August 19, 2016.
- Allotment of 37,00,000 equity shares of face value of the Rs. 10/- each at the premium of Rs. 53/- per share aggregating to Rs. 23.31 crores on September 13, 2016.

Consequent to the above allotments, the issued, subscribed and paid-up share capital of your Company as on 31st March 2017 stood at Rs. 12,08,00,000 (Rupees Twelve Crores Eight Lakhs Only) divided into 1,20,80,000 (One Crore Twenty Lakhs Eighty Thousand) equity shares of the face value of Rs. 10/- each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board are as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent	No. of Board meetings attended
1.	Basant Jain	00220395	Non-Executive	Non – Independent	7
2.	Roshan Gandhi	00010478	Non-Executive	Non – Independent	7
3.	Sriram Ramachandran	07319032	Non-Executive	Non – Independent (Additional Director)	Refer Note#
4.	Bharat Upadhyay	02189485	Non-Executive	Additional - Independent	Refer Note *
5.	Rajiv Sarin	05351721			

Appointed as an Additional Director w.e.f. 25th April, 2017

* Appointed as an Additional Independent Director w.e.f. 25th April, 2017

The Company has received the notice(s) along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Sriram Ramachandran, Mr. Bharat Upadhyay and Mr. Rajiv Sarin as candidates for the office of Director at the forthcoming 2nd Annual General Meeting of the Company. Your Directors recommend for your consideration, their appointment as Directors at the forthcoming 2nd Annual General Meeting.

At the 1st (First) AGM held on September 30, 2016, the appointments of Mr. Basant Jain (DIN: 00220395) and Mr. Roshan Gandhi (DIN: 00010478) as Directors were approved by the members.

Mr. Basant Jain (DIN: 00220395) retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

During the year under review, the Board of Directors conducted seven meetings on 15th April, 2016, 8th August, 2016, 1st September, 2016, 26th September, 2016, 29th November, 2016, 9th February 2017 and 7th March 2017.

During the year under review, 1st Annual General Meeting of your Company was held on September 30, 2016. There were two Extra-ordinary General Meetings of your Company held during the year i.e. on 26th September 2016 and 2nd December 2016.

The Company has received declarations from Mr. Bharat Upadhyay and Mr. Rajiv Sarin, 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.

All the Directors of your Company including the Independent Directors 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.

COMMITTEES OF THE BOARD

The Board constituted the Nomination and Remuneration Committee ("NRC") and Audit Committee ("AC") w.e.f. April 25, 2017 comprising of Mr. Bharat Upadhyay, as Chairperson of NRC & AC, Mr. Rajiv Sarin and Mr. Sriram Ramachandran as Members.

KEY MANAGERIAL PERSON

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:

- Mr. Chirag Sojitra (ACS A48992) was appointed as the Company Secretary of the Company, with effect from 9th February 2017;
- Mr. Rajnikant Jain was appointed as Chief Executive Officer ("CEO") of the Company with effect from April 25, 2017;
- Mr. Rakesh Khaitan was appointed as Chief Financial Officer ("CFO") of the Company with effect from April 25, 2017.

The Key Managerial Personnel of the Company were as follows:-

- Chief Executive Officer: - Rajnikant Jain
- Chief Financial Officer: - Rakesh Khaitan
- Company Secretary: - Chirag Sojitra

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) 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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the end of the financial year and of the loss of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to the financial statements; 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.

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 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,
- Policy on the remuneration of Directors, key managerial personnel and other employees.

These policies are attached herewith as **Annexure I** and the same forms part of this report.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy 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 in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM upto the conclusion of the Sixth AGM to be held in 2021.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing second AGM of the Company.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors has 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, are attached herewith as **Annexure II** and forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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.

Your Company has not made any loans, investments and guarantees 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 availed any loans/advances and investments 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 holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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, 2017 in form MGT-9 is annexed 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 and annual evaluation under Section 134(3)(p) of the Act are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

A. 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 Divine Solren Private Limited

"**Employee**" means employee of the Company including employees in the Senior Management Team of the Company.

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

(i) Chief Executive Officer (CEO);

(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 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 sprit 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 GNRC 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

Senior Management personnel are appointed or promoted and removed/relieved with the authority of 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:

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 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.

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

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

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

B. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES.

Overall Intent of Compensation Policy:

At Divine Solren Private Limited (Divine) we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and

performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy:

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy:

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.
- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements
- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Employees and Key Management Personnel:

The company has a comprehensive HR policy manual which covers remuneration, employee benefits, special employee benefits, reimbursements, administrative policies etc.

Policy for Non- Executive Directors including Independent Directors:

The Nomination and Remuneration Committee 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 Committee 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 Companies Act 2013 and such other factors as the committee may consider deem fit for determining the compensation.

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

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

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

Buyers Credit facility of USD 238.94 Lakhs was availed towards payment for project cost and the foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

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]

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

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:

(Rupees in Lakhs)

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		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Ultimate Holding Company)	Annual/Recurring/ Ongoing Contract	Receiving of Secretarial services	1.44	Not applicable (Refer Note 2)	NIL
2	Mahindra Susten Private Limited	Intermediate Holding Company		Purchase of property and other assets (power plant)	36,740.17		
3	Mahindra Susten Private Limited	Intermediate Holding Company		Receiving of services for setting up solar power plant	260.00		

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
As on the financial year ended on 31st March, 2017
[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**	U74120MH2015PTC264259
2	**Registration Date**	08/05/2015
3	**Name of the Company**	Divine Solren Private Limited
4	**Category/Sub-Category of the Company**	Public Company Limited by shares/Indian Non-Government Company
5	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018. Tel.: 022-24905836
6	**Whether listed Company (Yes/No)**	No
7	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.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.	Electric power generation using solar energy	35105	NIL

The Company is yet to commence operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100*	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100*	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% Change during the period
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	24,20,000	24,20,000	100	1,20,79,999	1	1,20,80,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**–**	**24,20,000**	**24,20,000**	**100**	**1,20,79,999**	**1**	**1,20,80,000**	**100**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub. Total-A (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Share Holding of Promoters (1+2)	**–**	**24,20,000**	**24,20,000**	**100**	**1,20,79,999**	**1**	**1,20,80,000**	**100**	**–**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institution	–	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% Change during the period
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**24,20,000**	**24,20,000**	**100**	**1,20,79,999**	**1**	**1,20,80,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.3.2017)			% change in shareholding during the period
		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 Renewables Private Limited	24,19,999	100	–	1,20,79,999	100	–	–
2.	Mahindra Renewables Private Limited Jointly with Roshan Gandhi*	1	–	–	1	–	–	–
	Total	24,20,000	100	–	1,20,80,000	100	–	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding:

Name of Promoter: Mahindra Renewables Private Limited including 1 share Jointly with Roshan Gandhi	Shareholding at the time of Beginning of the year (As on 1.4.2016)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the period	
	No of shares	% of total shares of the Company		No of shares	% of total shares of the Company
At the beginning of the period	24,20,000	100		24,20,000	100
Increase: Allotment of equity shares on Rights basis on August 19, 2016			59,60,000	83,80,000	100
Increase : Allotment of equity shares on Rights basis on March 30, 2017			37,00,000	1,20,80,000	100
At the end of the year (As on 31.3.2017)				**1,20,80,000**	**100**

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 (as on 01.04.2016)		Shareholding at the end of the year (as on 31.03.2017)	
		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. 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	
	Name of the Director/KMP	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

(` In Lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2017				
1) Principal Amount	0.00	–	–	0.00
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.00	–	–	0.00
Total of (1+2+3)	**0.00**	–	–	**0.00**
Change in Indebtedness during the financial year				
+ Addition	**17,681.94**	–	–	**17,681.94**
– Reduction	–	–	–	–
Net Change	**17,681.94**	–	–	**17,681.94**
Indebtedness at the end of the financial year-31.03.2017	–	–	–	–
1) Principal Amount	**17,659.62**	–	–	**17,659.62**
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	22.32	–	–	22.32
Total of (1+2+3)	**17,681.94**	–	–	**17,681.94**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No	Particulars	Name of the MD/WTD/ Manager	Total Amount
1	Gross salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors (Independent Directors / Other Non-Executive Directors):

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others	–	–
* Overall Ceiling as per the Act.	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Amount (Rs.)

Sr. No	Particulars of Remuneration	Company Secretary
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	–
	Others, please specify	–
	Professional Fees	31,200
	Total (C)	**31,200**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Divine Solren Private Limited

Basant Jain **Roshan Gandhi**
Director **Director**

Place : Mumbai
Date : 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
DIVINE SOLREN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **DIVINE SOLREN PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences in accounting principles between adopted by the Company on to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 as at March 31, 2017 which would have an impact on its financial position.
        ii. The Company has made provision, as required under the applicable law or accounting standard, for material foreseeable losses, if any on long-term and derivative contracts.
        iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. According to the information and explanations given to us and as indicated in Note 8 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirement specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of accounts of the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No.: 105102W)

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai,
Date: 25 April, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Divine Solren Private Limited for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   ii. The Company is in the process of constructing its plant to produce and distribute solar power which is disclosed as capital work in progress at March 31, 2017. The Company does not have any other fixed assets [other than freehold land referred to in 1(iii) below] and accordingly the provisions of para 3(i) of the Order are not applicable.

   iii. The title deeds of the freehold land are held in the name of the Company.

2. The Company had no inventory during and at the close of the year hence the provisions of para 3(ii) are not applicable to the Company.

3. The Company has not granted any loans to any parties listed in the register maintained under Section 189 of the Act and accordingly the provisions of paragraph 3(iii) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, the provisions of Sections 186 of the Act, have been complied with in respect, investments during the year. We are informed the Company did not grant any loans to which the provisions of Section 185 of the Act applies and the Company has neither granted any loans to which the provisions of Sections 186 of the Act apply nor has given any guarantees nor provided security.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.

6. In our opinion, and according to the information and explanations given to us, 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 information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.

   We are informed that the provisions of provident fund, employees' state insurance and wealth tax are not applicable to the Company

   (ii) According to the information and explanations given to us and the records of the Company examined by us, except Income tax matters, there are no dues of sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.

8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.

9. The money raised by the Company by way of buyers' credit term loans during the year has been utilised for the purposes for which it was taken. The Company has neither raised any money by way of initial public offer nor any further public offer (including debt instruments).

10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.

14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No.: 105102W)

Himanshu Chapsey
Partner
Membership No.: 105731

Place: Mumbai,
Date: 25 April, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DIVINE SOLREN 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 Divine Solren Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS 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, 2017, 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 April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

		Note No.	As at 31st March, 2017	Rupees As at 31st March, 2016
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**300,255,455**	–
	(b) Capital Work-in-Progress		**2,720,121,398**	159,180,279
	(c) Deferred Tax Assets (Net)	5	**7,983,216**	2,151,470
	(d) Other Non-current Assets	6	**137,091,524**	–
	SUB-TOTAL		**3,165,451,593**	161,331,749
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	7	**–**	14,017,548
	(ii) Cash and Cash Equivalents	8	**34,643,495**	3,500,084
	(iii) Other Financial Assets	9	**18,575**	–
	(b) Current Tax Assets (Net)		**43,752**	10,737
	SUB-TOTAL		**34,705,822**	17,528,369
	TOTAL ASSETS		**3,200,157,415**	178,860,119
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	SOCE, 10	**120,800,000**	24,200,000
	(b) Other Equity	SOCE	**616,893,285**	122,543,220
	SUB-TOTAL		**737,693,285**	146,743,220
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	11	**1,761,211,554**	–
	SUB-TOTAL		**1,761,211,554**	–
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**299,097**	5,633,652
	(ii) Other Financial Liabilities	13	**689,692,551**	24,393,665
	(b) Other Current Liabilities	14	**11,260,928**	2,089,582
	SUB-TOTAL		**701,252,576**	32,116,899
	TOTAL EQUITY AND LIABILITIES		**3,200,157,415**	178,860,119

The accompanying notes 1 to 22 are an integral 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 April, 2017

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date : 25 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
	Continuing Operations			
I	Revenue from operations		–	–
II	Other Income	15	**3,337,956**	234,768
III	**Total Revenue (I + II)**		**3,337,956**	234,768
IV	**Expenses**			
	(a) Finance costs	16	**738,353**	60,492
	(b) Other expenses	17	**25,685,805**	7,360,697
	Total Expenses		**26,424,158**	7,421,189
V	**(Loss)/Profit before exceptional items and tax (III - IV)**		**(23,086,201)**	(7,186,421)
	Less : Exceptional Items		–	–
VI	**(Loss)/Profit before After Exceptional items**		**(23,086,201)**	(7,186,421)
	Share of profit/(loss) of joint ventures and associated		–	–
VII	**(Loss)/Profit before tax**		**(23,086,201)**	(7,186,421)
VIII	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax	5	**(5,831,747)**	(2,151,470)
	Total tax expense		**(5,831,747)**	(2,151,470)
IX	**(Loss)/Profit after tax from continuing operations (VII - VIII)**		**(17,254,454)**	(5,034,950)
X	**Discontinued Operations**			
	(1) Profit/(loss) from discontinued operations		–	–
	(2) Tax Expense of discontinued operations		–	–
XI	**Profit/(loss) after tax from discontinued operations**		–	–
XII	**(Loss)/Profit for the year (IX + XI)**		**(17,254,454)**	(5,034,950)
XIII	**(Loss)/profit from continuing operations for the year attributable to:**			
	Owners of the Company		**(17,254,454)**	(5,034,950)
	Non controlling interests		–	–
XIV	**Other comprehensive income**		–	–
	A (i) Items that will not be recycled to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
XV	**Total comprehensive income for the year (XIII + XIV)**		**(17,254,454)**	(5,034,950)
XVI	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		–	–
	Non controlling interests		–	–
XVII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	18	**(2.79)**	(10.05)
	(2) Diluted	18	**(2.79)**	(10.05)
XVIII	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	18	**(2.79)**	(10.05)
	(2) Diluted	18	**(2.79)**	(10.05)

The accompanying notes 1 to 22 are an integral 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 April, 2017

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date : 25 April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the current year ended 31st March, 2017	For the previous Period ended 31st March, 2016
Cash flows from operating activities			
(Loss)/Profit after tax for the year		**(17,254,454)**	(5,034,950)
Adjustments for:			
Income tax expense recognised in profit or loss	5	**(5,831,747)**	(2,151,470)
Gain or loss on MTM of derivative and borrowings	17	**6,895,819**	–
Finance costs recognised in profit or loss	16	**738,353**	60,492
Investment income recognised in profit or loss	15	**(3,337,956)**	(234,768)
		(1,535,531)	(2,325,747)
Movements in working capital:			
(Increase)/decrease in other assets	9	**(18,575)**	–
Decrease in trade and other Financial liability	12, 13	**(5,334,555)**	5,633,652
(Decrease)/increase in other liabilities	14	**9,171,346**	2,089,582
Cash generated from operations		**3,818,216**	7,723,234
Income taxes paid		**(33,015)**	(10,737)
Net cash generated by operating activities		**(15,004,785)**	351,800
Cash flows from investing activities			
Payments to acquire financial assets		**–**	(14,017,548)
Proceeds on sale of financial assets	7	**14,000,000**	–
Interest received	15	**372**	107,372
Other dividends received	15	**3,355,132**	127,396
Payments for property, plant and equipment	4	**(2,408,909,871)**	(134,786,614)
Net cash (used in)/generated by investing activities		**(2,391,554,366)**	(148,569,394)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**608,580,000**	151,930,000
Payment for share issue costs		**(375,480)**	(151,830)
Proceeds from borrowings	11	**1,885,236,395**	–
Repayment of borrowings	11	**(55,000,000)**	–
Interest paid	16	**(738,353)**	(60,492)
Net cash used in financing activities		**2,437,702,562**	151,717,678
Net increase in cash and cash equivalents		**31,143,411**	3,500,084
Cash and cash equivalents at the beginning of the year	8	**3,500,084**	–
Cash and cash equivalents at the end of the year		**34,643,495**	3,500,084

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 April, 2017

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date : 25 April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
As at 1 April 2015	–
Changes in equity share capital during the year	24,200,000
As at 31 March 2016	24,200,000
Changes in equity share capital during the year	96,600,000
As at 31 March 2017	**120,800,000**

B. Other Equity

Rupees

	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1 April 2015	–	–	–
Profit/(Loss) for the period	–	(5,034,950)	(5,034,950)
Securities Premium on Issue of share during the year	127,730,000	–	127,730,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	127,730,000	(5,034,950)	122,695,050
Equity Share Issuance Costs	(151,830)	–	(151,830)
As at 31 March 2016	**127,578,170**	**(5,034,950)**	**122,543,220**
Profit/(Loss) for the period	–	(17,254,454)	(17,254,454)
Securities Premium on Issue of share during the year	511,980,000	–	511,980,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	639,558,170	(22,289,405)	617,268,765
Equity Share Issuance Costs	(375,480)	–	(375,480)
As at 31 March 2017	**639,182,690**	**(22,289,405)**	**616,893,285**

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 April, 2017

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date : 25 April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 1. Nature of Operations

Divine SolrenPrivate Limited ('the Company') was incorporated in India on 8th May, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Renewables Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

Note 2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

Note 3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

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 recognized prospectively in current and future periods.

c) 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.

(i) Interest income

Interest income from a financial asset is recognised 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.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) 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. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Transactions in foreign currencies are initially 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.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) 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.

p) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note 4. – Property, Plant and Equipment

Rupees

Description of Assets		Land - Freehold	Plant and Equipment - Freehold	Total
I.	**Gross Carrying Amount**			
	Balance as at 1 April 2016	–	–	–
	Additions	300,255,455		300,255,455
	Balance as at 31 March 2017	**300,255,455**	**–**	**300,255,455**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1 April 2016	–	–	–
	Depreciation expense for the year	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Total
Balance as at 31 March 2017	–	–	–
III. Net carrying amount (I-II)	**300,255,455**	**–**	**300,255,455**

Note:

(1) Freehold land and the plant & equipment have been provided as a security against the borrowing.

Note 5. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Current Tax:	**–**	–
Deferred Tax:		
Unrecognised tax loss used to reduce deferred tax expense	**(5,831,747)**	(2,151,470)
Total income tax expense on continuing operations	**(5,831,747)**	(2,151,470)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit before tax from continuing operations	**(23,086,201)**	(7,186,421)
Income tax expense calculated at 30% (2016: 30.9%)	**(7,133,636)**	(2,220,604)
Effect of income that is exempt from taxation	**(1,031,313)**	(39,366)
Effect of expenses that is non-deductible in determining taxable profit	**2,333,203**	108,499
Income tax expense recognised In profit or loss from continuing operations for current year	**(5,831,747)**	(2,151,470)
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**(5,831,747)**	(2,151,470)

Notes

(1) The tax rate used for the 31 March 2017 and 31 March 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax created for business losses is as below:

Financial year	Business loss	Deferred tax Amount
2015-16	6,962,687	2,151,470
2016-17	18,872,966	5,831,747
	25,835,653	**7,983,217**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(C) Movement in deferred tax balances

Rupees

For the Year ended 31st March, 2017

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	2,151,470	5,831,746	7,983,216
Net Tax Asset (Liabilities)	2,151,470	5,831,746	7,983,216

Rupees

For the Year ended 31st March 2016

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	–	2,151,470	2,151,470
Net Tax Asset (Liabilities)	**–**	**2,151,470**	**2,151,470**

Note 6. – Other assets

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	**Non- Current**	Current	Non- Current
Capital advances				
	–	**–**	–	
Total other Assets	**–**	**137,091,524.00**	–	–

Note:

All current assets of the company have been provided as a charge for borrowing of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 7. – Investments

Rupees

Particular	As at 31st March, 2017 QTY	Amounts* Current	Amounts* Non Current	As at 31st March, 2016 QTY	Amounts* Current	Amounts* Non Current
(A) Designated as Fair Value Through Profit and Loss						
Investments in Mutual Funds		–	–	8,276.65	14,017,548	–
Total Aggregate Quoted Investments	–	–	–	8,276.65	14,017,548	–
INVESTMENTS CARRIED AT FVTPL [A]	–	–	–	8,276.65	14,017,548	–
Of the above, investments designated as FVTPL		–	–	8,276.65	14,017,548	–
Of the above, investments held for trading						
Other investments carried at FVTPL						
Total impairment value for investments (B)		–	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A) - (B)	–	–	–	8,276.65	14,017,548	–
Other disclosures						
Aggregate amount of quoted investments		–	–	8,276.65	14,017,548	–
Aggregate amount of Market value of investments		–	–	8,276.65	14,017,548	–
Aggregate amount of unquoted investments		–	–	–	–	–
Aggregate amount of impairment in value of investments		–	–	–	–	–

Note 8. – Cash and Cash Equivalent

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents		
(a) Balances with banks	**4,643,495**	3,500,084
(b) Others (FD having maturity less than 3 months)	**30,000,000**	–
Total Cash and Cash Equivalent	**34,643,495**	3,500,084

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Total Cash and Cash Equivalents as per Balance Sheet	**34,643,495**	3,500,084
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**34,643,495**	3,500,084

Note

1. Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note 9. – Other financial assets

Rupees

Particulars	As at 31st March, 2017 Current	Non-Current	As at 31st March, 2016 Current	Non-Current
Financial assets at amortised cost				
interest Accured on Fixed Deposit	**18,575**	**–**	–	–
Total other financial assets	**18,575**	**–**	–	–

Note 10. – Equity Share Capital

Rupees

Particulars	As at 31st March, 2017 No. of shares	Value in Rupees	As at 31st March, 2016 No. of shares	Value in Rupees
Authorised:				
Equity shares of ` 10 each with voting rights	**16,900,000**	**169,000,000**	10,000,000	100,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of ` 10 each with voting rights	**12,080,000**	**120,800,000**	2,420,000	24,200,000
Total Equity Share Capital	**12,080,000**	**120,800,000**	2,420,000	24,200,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2017						
No. of Shares	2,420,000	9,660,000	–	–	–	12,080,000
Amount	24,200,000	96,600,000	–	–	–	120,800,000
Year Ended 31 March 2016						
No. of Shares	–	2,420,000	–	–	–	2,420,000
Amount	–	24,200,000	–	–	–	24,200,000
	2,420,000	**12,080,000**	**–**	**–**	**–**	**14,500,000**

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	**Equity Shares with Differential Voting rights**	**Others**
As at 31 March 2017			
Mahindra Renewables Private Limited, The Holding Company	**12,080,000**	**–**	**–**
As at 31 March 2016			
Mahindra Renewables Private Limited, The Holding Company	2,420,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	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 Renewables Private Limited (Holding Company)*	**12,080,000**	**100%**	2,420,000	100%

* Note :- This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi - 1 equity share)

Note 11. – Non-Current Borrowings

Rupees

Particulars		Rate of Interest	Maturity	As at 31st March, 2017 Amount	As at 31st March, 2016 Amount
Measured at amortised cost*					
A. **Secured Borrowings:**					
(a) Bonds/Debentures				**–**	–
(b) Term Loans					
(i) From Banks	Yes bank	9.65%	To be repaid in 71 installment by FY 2036	**231,127,838**	–
	PNB Dubai	7.32%	To be repaid on 24/10/2019	**239,816,278**	–
	Canara Bank	7.50%	To be repaid on 14/11/2019	**68,371,198**	–
	Canara Bank	7.42%	To be repaid on 18/11/2019	**116,800,380**	–
	Canara Bank	7.42%	To be repaid on 21/11/2019	**308,274,761**	–
	Canara Bank	7.39%	To be repaid on 27/11/2019	**308,291,202**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars		Rate of Interest	Maturity	As at 31st March, 2017 Amount	As at 31st March, 2016 Amount
	Canara Bank	7.43%	To be repaid on 05/12/2019	**308,341,216**	–
	Canara Bank	7.43%	To be repaid on 12/12/2019	**180,188,681**	–
Total Secured Borrowings				**1,761,211,554**	–

Note

(1) The Company has borrowed funds for project financing from banks. It has availed Buyers' Credit of USD 2,48,94,036 for three years at at 6MLIBOR + margin p.a. Buyers' Credit is repayable in December 2019. The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate. As per the sanctioning terms from the Bank, at the end of three years the Company has a right to repay the Buyers' Credit by borrowing from the limits for long term debt. The company has taken a term loan of INR 25,00,00,000 from the Bank for a period of 19 years at Bank base rate + spread, the amount is repayable in 71 structured instalments starting from February 2018. The amount which is payable in period under normal operating cycle of the company is treated as current. The borrowings are secured against the assets of the Company.

(i) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Amortised cost as at 31st March, 2017	Amortised cost as at 31st March, 2016
Secured					
Term loans from banks:					
YES Bank	INR	9.65%	9.65%	**231,127,838**	–
PNB Dubai	USD	7.41%	7.32%	**239,816,278**	–
Canara Bank	USD	7.59%	7.50%	**68,371,198**	–
Canara Bank	USD	7.51%	7.42%	**116,800,380**	–
Canara Bank	USD	7.51%	7.42%	**308,274,761**	–
Canara Bank	USD	7.48%	7.39%	**308,291,202**	–
Canara Bank	USD	7.52%	7.43%	**308,341,216**	–
Canara Bank	USD	7.52%	7.43%	**180,188,681**	–
Total Non Current Borrowing				**1,761,211,554**	

Note 12. – Trade Payables

Rupees

Particulars	As at 31st March, 2017 Current	Non-Current	As at 31st March, 2016 Current	Non-Current
Trade payable - Micro ans small enterprises	**–**	**–**	–	–
Trade payable - Other than micro ans small enterprises	**299,097**	**–**	5,633,652	–
Total Trade Payables	**299,097**	**–**	5,633,652	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note 13 – Other Financial Liabilities

Rupees

Particulars		As at 31st March, 2017	As at 31st March, 2016
Other Financial Liabilities Measured at Amortised Cost			
Current			
(a)	Current maturities of long-term debt	**4,750,000**	–
(b)	Interest accrued	**2,232,418**	–
(c)	Other liabilities		
	(1) Creditors for capital supplies/ services	**640,004,311**	24,393,665
Other Financial Liabilities Measured at Fair value			
a)	Derivatives designated and ineffective as hedging instruments	**42,705,823**	–
Total Other Financial Liabilities		**689,692,551**	24,393,665

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 14. – Other Liabilities

Rupees

Particulars	As at 31st March, 2017 Current	As at 31st March, 2017 Non-Current	As at 31st March, 2016 Current	As at 31st March, 2016 Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**11,260,928**	**–**	2,089,582	–
Total Other Liabilities	**11,260,928**	**–**	2,089,582	–

Note 15. – Other Income

Rupees

Particulars		For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(a)	Interest Income		
	(1) On Financial Assets at Amortised Cost	**372**	107,372
(b)	Dividend Income*		
	(1) Others	**3,337,584**	127,396
Total Other Income		**3,337,956**	**234,768**

Note 16. – Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Interest expense	738,353	60,492
Total Finance Cost	**738,353**	60,492

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Interest Expenses	**–**	–
On inter corporate deposit	**738,353**	60,492

Note 17 – Other Expenses

Rupees

Particulars		For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(a)	Net loss/(gain) on Derivative contracts	**6,895,819**	–
(b)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors- statutory audit fees	**65,000**	28,625
	(ii) For Taxation matters	**–**	–
	(iii) For Company Law matters	**–**	–
	(iv) For Other services	**20,000**	–
	(v) For reimbursement of expenses	**–**	–
(c)	Other expenses		
	(i) Legal and other professional costs	**18,007,946**	7,328,396
	(ii) Printing & Stationary	**3,338**	–
	(iii) Bank Charges	**6,874**	–
	(iv) Miscellaneous expenses	**686,828**	3,677
Total Other Expenses		**25,685,805**	7,360,697

Note 18. – Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2017 Per Share	For the previous period ended 31st March, 2016 Per Share
Basic Earnings per share		
From continuing operations	**(2.79)**	(10.05)
From discontinuing operations	**–**	–
Total basic earnings per share	**(2.79)**	(10.05)
Diluted Earnings per share		
From continuing operations	**(2.79)**	(10.05)
From discontinuing operations	**–**	–
Total diluted earnings per share	**(2.79)**	(10.05)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(Loss)/Profit for the year attributable to owners of the Company	**(17,254,454)**	(5,034,950)
Less: Preference dividend and tax thereon	**–**	–
(Loss)/Profit for the year used in the calculation of basic earnings per share	**(17,254,454)**	(5,034,950)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
(Loss)/Profit used in the calculation of basic earnings per share from continuing operations	**(17,254,454)**	(5,034,950)
Weighted average number of equity shares	**6,189,151**	500,790
Earnings per share from continuing operations - Basic	**(2.79)**	(10.05)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 19. – Financial Instruments

Capital 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 31 March 2017 and 31 March 2016 is as follows:

	31/03/2017	31/03/2016
Debt (A)	**1,761,211,554**	–
Equity (B)	**737,693,285**	146,743,220
Debt Ratio (A/B)	**2.39**	–

Categories of financial assets and financial liabilities

As at 31 March 2017

Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	**18,575**	–	–	**18,575**
Non-current Liabilities				
Borrowings	**1,761,211,554**	–	–	**1,761,211,554**
Current Liabilities				
Borrowings	**4,750,000**	–	–	**4,750,000**
Trade Payables	**299,097**	–	–	**299,097**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**642,236,729**	–	–	**642,236,729**
– Derivative Financial Liabilities	–	**42,705,823**	–	**42,705,823**

As at 31 March 2016

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments	–	14,017,548	–	14,017,548
Current Liabilities				
Trade Payables	5,633,652	–	–	5,633,652
Other Financial Liabilities				
– Non Derivative Financial Liabilities	24,393,665	–	–	24,393,665

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows to the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	299,097	–	–	–
Variable interest rate instruments	4,750,000	20,000,000	20,500,000	190,627,838
Fixed interest rate instruments	–	1,530,083,716	–	–
Financial guarantee contracts	–	–	–	–
Total	**5,049,097**	**1,550,083,716**	**20,500,000**	**190,627,838**
31-Mar-16				
Non-interest bearing	5,633,652	–	–	–
Total	5,633,652	–	–	–

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-17				
Net settled:				
– interest rate swaps	–	**42,705,823**	–	–
Total	–	**42,705,823**	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31-Mar-2017 INR	31-Mar-2016 INR	1-Apr-2015 INR
Term loan facility from yes bank			
– Expiring within one year	**1,464,038,446**	–	–
– Expiring beyond one year	–	–	–
	1,464,038,446	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing				
Total	–	–	–	–
31-Mar-16				
Variable interest rate instruments	14,017,548	–	–	–
Total	14,017,548	–	–	–
1-Apr-15				
Total	–	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31/03/2017	31/03/2016	01/04/2015
Secured Bank Loans	USD	1,530,083,716		

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest, excluding borrowings that relate to discontinued operations. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2017, after taking into account the effect of interest rate swaps, approximately 47% of the Company's borrowings are at a fixed rate of interest (31 March 2016: Nil, 1 April 2015: Nil).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	**INR**	**+50**	**-1,179,389**
	INR	**-50**	**1,179,389**

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note 20. – Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-17	31-Mar-16				
Financial assets						
Investments						
1) Equity investments	–			Actual Costs		
2) Mutual fund investments	–	14,017,548	1	Market Value		
Total financial assets	–	14,017,548				
Financial liabilities						
Other Financial Liabilities						
1) Foreign Currency swap contracts	**1,551,587,627**	–	Level 2			
Total financial liabilities	**1,551,587,627**	–				

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-Mar-17		31-Mar-16	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost	–	–	–	–
– Others	**18,575**			
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**235,877,838**	**235,877,838**	–	–
– trade and other payables	**299,097**	**299,097**	5,633,652	5,633,652
– Others	**689,692,551**	**689,692,551**	2,089,582	2,089,582
Total	**925,869,486**	**925,869,486**	7,723,234.00	7,723,234.00

Fair value hierarchy as at 31 March 2017

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost	–	–	–	–
– Others			**18,575**	**18,575**
Total	–	–	**18,575**	**18,575**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	235,877,838		–	235,877,838
– trade and other payables	–	–	299,097	299,097
– Others	–	–	689,692,551	689,692,551
Total	**235,877,838**	–	**689,991,648**	**925,869,486**

Fair value hierarchy as at 31 March 2016

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	5,633,652	5,633,652
– Others	–	–	2,089,582	2,089,582
Total	–	–	7,723,234	7,723,234

Note 21. – Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	31-Mar-17	–	2,728,978,326	–
	31-Mar-16	–	49,351,962	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Rendering of services	31-Mar-17	–	17,550,000	–
	31-Mar-16	–	6,000,000	–
Receiving of services	31-Mar-17	143,747	–	–
	31-Mar-16	85,875	–	–
Inter Corporate Deposit taken	31-Mar-17	–	15,000,000	40,000,000
	31-Mar-16	–		
Inter Corporate Deposit Repay	31-Mar-17	–	15,000,000	40,000,000
	31-Mar-16	–		
Interest paid	31-Mar-17	–	36,885	700,820
	31-Mar-16	–	–	–
Deposit Repayment	31-Mar-17	–	–	200,000
	31-Mar-16	–	–	–
Deposit taken	31-Mar-17	–	–	200,000
	31-Mar-16	–	–	–
Equity contribution to the Company	31-Mar-17	–	–	608,580,000
	31-Mar-16	–	–	151,930,000

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Trade payables (net of advance)	31-Mar-17	209,623	505,151,032	–
	31-Mar-16	78,375	29,869,647	–

Note 22. – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016

Rupees

Particulars	Notes	As at 31st March, 2016
Equity as reported under previous GAAP		144,574,201
Ind AS: Adjustments increase (decrease):		
Deferred income tax		2,151,470
MTM of Investments		17,548
Equity as reported under IND AS	SOCE	146,743,220

Analysis of cash and cash equivalents as at 31 March 2016 for the purpose of Statement of Cash flows under Ind AS

Rupees

Particulars	Notes	As at 31st March, 2016
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		34,643,495
Bank Overdrafts which forms integral part of cash management system		–
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP		–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP		–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	8	34,643,495

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 April, 2017

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date : 25 April, 2017

DIRECTORS' REPORT

Your Directors present their Second Report together with the Audited Standalone Financial Statements of your Company for the financial year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in lakhs)

Particulars	For the year ended 31st March, 2017 #	For the year ended 31st March, 2016 #
Income		
Other Income	129.64	13.64
Total Income	**129.64**	**13.64**
Expenses		
Other Expenses	155.38	61.86
Depreciation and Amortization Expenses	–	–
Finance Costs	–	0.60
Total Expenses	155.38	62.46
Profit/(Loss) before Tax	(25.74)	(48.82)
Provision for Tax	(44.77)	(15.11)
Profit/(Loss) for the year from continuing operations	19.03	(33.72)
Balance from earlier years	(33.72)	0.00
Balance carried Forward	(14.69)	(33.72)
Amount carried forward to reserves	(14.69)	(33.72)
Net worth	**6,400.34**	**1,240.52**

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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 OF THE COMPANY

The Company is setting up solar power plant of 42 Mega Watts ("MW") Alternate Current ("AC") in Wadekothapally District in the State of Telangana. The Company has incurred expenditure amounting to Rs. 9.92 Crores till 31st March 2017 for setting up these power plants. The Company has signed the Power Purchase Agreement with Northern Power Distribution Company of Telangana Limited and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

The Company's income for the year was Rs. 129.64 Lakhs as compared to Rs. 13.64 Lakhs in the previous year. Profit after tax for the year was at Rs. 19.03 Lakhs as compared to Loss after tax of Rs. 33.72 Lakhs in the previous year.

The Company has no subsidiaries, associates or joint ventures.

OUTLOOK FOR THE CURRENT YEAR

The Company will commission the 42 MW AC solar power plant at Wadekothapally District in the state of Telangana shortly and start generating revenue from sale of power. The Company will also continue to evaluate opportunities to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

DIVIDEND

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

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

DEMATERIALISATION OF SHARES

The shares of your Company were admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE579W01019. Your Company has appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Share Capital Clause of the Memorandum of Association of your Company was altered in order to increase the Authorized

Share Capital from Rs. 10 Crores to Rs. 15 Crores.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to include clause(s) to appoint Lenders' Nominee Director, in case of default, deemed Share Transfer clause as per standard requisition from the lending Banks, Dematerialisation of Shares and alter the common seal clause.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on 31st March, 2017 stood at Rs. 15,00,00,000 (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

Further issue of Share Capital

During the year under review, your Company made the following allotments to Mahindra Renewables Private Limited on Rights Basis:

- Allotment of 45,70,000 equity shares of face value of Rs. 10/- each at the premium of Rs. 59/- per share aggregating to Rs. 31.553 crores on August 19, 2016.
- Allotment of 28,85,000 equity shares of face value of Rs. 10/- each at the premium of Rs. 59/- per share aggregating to Rs. 19.90 crores on March 30, 2017.

Consequent to the above allotments, the issued, subscribed and paid-up share capital of your Company as on 31st March 2017 stood at Rs. 9,31,50,000 (Rupees Nine Crores Thirty One Lakhs Fifty Thousand Only) divided into 93,15,000 (Ninety Three Lakhs Fifteen Thousand) equity shares of the face value of Rs. 10/- each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board are as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent	No. of Board meetings attended
1.	Basant Jain	00220395	Non-Executive	Non – Independent	6
2.	Roshan Gandhi	00010478	Non-Executive	Non – Independent	6
3.	Sriram Ramachandran	07319032	Non-Executive	Non – Independent (Additional Director)	Refer Note #

Appointed as an Additional Director w.e.f. 25th April, 2017

Mr. Sriram Ramachandran (DIN: 07319032) was appointed as an Additional Director w.e.f. from 25th April, 2017.

The Company has received the notice along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Sriram Ramachandran as a candidate for the office of Director at the forthcoming Annual General Meeting ("AGM") of the Company. Your Directors recommend for your consideration, his appointment as Director at the 2nd AGM.

Your Company is not required to constitute any mandatory committees of the Board. Provisions relating to annual evaluation of Board/Committees are not applicable to your Company.

At the 1st (First) AGM held on September 30, 2016, the appointments of Mr. Basant Jain (DIN: 00220395) and Mr. Roshan Gandhi (DIN: 00010478) as Directors were approved by the members.

Mr. Roshan Gandhi (DIN: 00010478) retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

During the year under review, the Board of Directors met six times on April 15, 2016, August 08, 2016, September 01, 2016, September 26, 2016, November 29, 2016 and February 09, 2017.

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. The Directors shall not be liable to retire by rotation at the forthcoming AGM.

During the year under review, 1st AGM of your Company was held on September 30, 2016. There were two Extra-ordinary General Meetings of your Company held during the year i.e. on September 26, 2016, and December 02, 2016.

KEY MANAGERIAL PERSON

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, Ms. Shubhangi Bajoria (ACS 41629) was appointed as the Company Secretary of the Company, with effect from 9th February, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) 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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the end of the financial year and of the loss of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM upto the conclusion of Sixth AGM to be held in the year 2021.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing second AGM.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor has 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, are attached herewith as **Annexure I** and forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Your company has not made any loans, investments and guarantees 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 availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on March 31, 2017 in form MGT-9 is annexed 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013, and implementation of Vigil Mechanism for directors and employees to report genuine concerns, in accordance with Section 177(9) of the Companies Act, 2013 and annual evaluation under Section 134(3)(p) of the Act, are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect of the following items during the period under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own shares as envisaged under section 67(3)(c)of the Companies Act 2013).

ACKNOWLEDGEMENT

Your Directors are pleased to take this opportunity to thank the shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date: 25th April, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Foreign Exchange earnings - NIL

Foreign Exchange outgo - NIL

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date: 25th April, 2017.

ANNEXURE II TO THE DIRECTORS' REPORT

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.)

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

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:

(Rs. in Lakhs)

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		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Mahindra & Mahindra Limited	Ultimate Holding Company	Annual/ Recurring/ Ongoing Contract	Receiving of Secretarial services	1.44	Not applicable (Refer Note 2)	NIL
2.	Mahindra Susten Private Limited	Intermediate Holding Company		Purchase of property and other assets (power plant)	708.64		
3.	Mahindra Susten Private Limited	Intermediate Holding Company		Receiving of services for setting up solar power plant	145.80		

Note:

1. Material Contracts: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014.

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board

Neo Solren Private Limited

Basant Jain — **Director**

Roshan Gandhi — **Director**

Place: Mumbai
Date: 25th April, 2017.

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2017

[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	U74999MH2015PTC266154
2.	Registration Date	01/07/2015
3.	Name of the Company	Neo Solren Private Limited
4.	Category/Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.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.	Electric power generation using solar energy	35105	NIL

The Company is yet to commence operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100*	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100*	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100*	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Promoters	–	–	–	–	–	–	–	–	–
Indian	–	–	–	–	–	–	–	–	–
Individual/HUF	–	–	–	–	–	–	–	–	–
Central Govt.	–	–	–	–	–	–	–	–	–
State Govt.	–	–	–	–	–	–	–	–	–
Bodies Corp.	–	18,60,000	18,60,000	100%	93,14,999	1	93,15,000	100	–
Bank/FI	–	–	–	–	–	–	–	–	–
Any other	–	–	–	–	–	–	–	–	–
Sub-Total – A–(1)	**–**	**18,60,000**	**18,60,000**	**100%**	**93,14,999**	**1**	**93,15,000**	**100**	**–**
Foreign									
NRI-Individuals	–	–	–	–	–	–	–	–	–
Other Individuals	–	–	–	–	–	–	–	–	–
Body Corporate	–	–	–	–	–	–	–	–	–
Bank/FI	–	–	–	–	–	–	–	–	–
Any others	–	–	–	–	–	–	–	–	–
Sub-Total – A–(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoters (1+2)	**–**	**18,60,000**	**18,60,000**	**100%**	**93,14,999**	**1**	**93,15,000**	**100**	**–**
Public Shareholding	–	–	–	–	–	–	–	–	–
Institution	–	–	–	–	–	–	–	–	–
Mutual Funds	–	–	–	–	–	–	–	–	–
Bank/FI	–	–	–	–	–	–	–	–	–
Central Govt.	–	–	–	–	–	–	–	–	–
State Govt.	–	–	–	–	–	–	–	–	–
Venture Capital	–	–	–	–	–	–	–	–	–
Insurance Co.	–	–	–	–	–	–	–	–	–
FIIs	–	–	–	–	–	–	–	–	–
Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–
Sub-total = B–(1)	–	–	–	–	–	–	–	–	–
Non-Institution									
Body Corporate	–	–	–	–	–	–	–	–	–
Individual	–	–	–	–	–	–	–	–	–
Individual shareholders Holding nominal share capital upto 1 lakh	–	–	–	–	–	–	–	–	–
Individual shareholders Holding nominal share capital in excess of 1 Lakh	–	–	–	–	–	–	–	–	–
Others									
NRI (Rep)	–	–	–	–	–	–	–	–	–
NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
Foreign National	–	–	–	–	–	–	–	–	–
OCB	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% of change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Trust	–	–	–	–	–	–	–	–	–
In transit	–	–	–	–	–	–	–	–	–
Sub-total – B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**18,60,000**	**18,60,000**	**100%**	**93,14,999**	**1**	**93,15,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1.4.2016)			Shareholding at the end of the year (As on 31.03.2017)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Mahindra Renewables Private Limited	18,59,999	100%	–	93,14,999	100%	–	–
2.	Mahindra Renewables Private Limited Jointly with Roshan Gandhi*	1	–	–	1	–	–	–
	Total	**18,60,000**	**100%**	–	**93,15,000**	**100%**	–	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding:

Particulars Promoter Mahindra Renewables Private Limited including 1 share Jointly with Roshan Gandhi	Shareholding at the beginning of the year (As on 1.4.2016)		Increase/ Decrease in No. of shares	Cumulative Shareholding during the period	
	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
At the beginning of the period	18,60,000	100		18,60,000	100
Increase: Allotment of equity shares on Right basis on August 19, 2016			45,70,000	64,30,000	100
Increase: Allotment of equity shares on Right basis on March 30, 2017			28,85,000	93,15,000	100
At the end of the year (As on 31.3.2017)				**93,15,000**	**100**

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 (as on 01.04.2016)		Shareholding at the end of the year (as on 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
NIL					

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	
	Name of the Director/KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
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
Indebtedness at the beginning of the financial year 01.04.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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	Name of the MD/ WTD/Manager	Total Amount
1	Gross salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors (Independent Directors/Other Non-Executive Directors):

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Overall Cieling as per the Act.	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

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

Amount (Rs.)

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary
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	–	–	–
	Others	–	–	–
	Professional Fees	–	–	31,200
	Total (C)	–	–	**31,200**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
Other Officers In Default	–	–	–	–	–	–
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Neo Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEO SOLREN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **NEO SOLREN PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at 31st March, 2017, and the statement of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences on account of conversion to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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 as at 31st March, 2017 which would have an impact on its financial position

    ii. The Company has made provision, as required under the applicable law or accounting standards. for material foreseeable losses, if any on long-term and derivative contracts.

    iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

    iv. According to the information and explanations given to us and as indicated in Note 7(a) to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014 , as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: April 25, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Neo Solren Private Limited for the year ended 31st March, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. i. The Company is in the process of constructing its plant to produce and distribute solar power which is disclosed as capital work in progress at 31st March, 2017. The Company does not have any other fixed assets [other than freehold land referred to in 1(ii) below] and accordingly the provisions of para 3(i) of the Order are not applicable.

   ii. The title deeds of the freehold land are held in the name of the Company.

2. The Company does not have any inventory, has not granted any loans to any parties in the register maintained under Section 189 of the Act and accordingly the provisions of paragraph 3(ii) - (iii) of the Order are not applicable.

3. In our opinion and according to the information and explanations given to us, the provisions of Section 186 of the Act, have been complied with in respect of the investments made, guarantees given and security provided as at 31st March, 2017. We are informed that the Company has not granted any loans, any guarantees or provided any security during the year.

4. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.

5. In our opinion, and according to the information and explanations given to us, 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

6. (i) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on 31st March, 2017 for a period of more than 6 months from the date they became payable.

   (ii) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.

7. The Company has not taken any loans from banks, financial institutions or from the Government and has not borrowed any money by way of debentures and hence the provisions para 3(viii) of the Order are not applicable.

8. The Company has neither raised any money by way of initial public offer, further public offer (including debt instruments) nor has it availed of any term loan during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company.

9. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the informations and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

10. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

11. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.

12. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.

13. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.

14. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

15. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 25thApril, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NEO SOLREN 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 Neo Solren Private Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS 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 31st March, 2017, 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: 25thApril, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees

		Note No.	As at 31st March, 2017	As at 31st March, 2016
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	**4**	**22,998,202**	–
	(b) Capital Work-in-Progress		**76,170,220**	28,625
	(c) Deferred Tax Assets (Net)	**5**	**5,987,328**	1,510,528
	SUB-TOTAL		**105,155,750**	1,539,153
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	**6**	**207,140,486**	120,035,804
	(ii) Cash and Cash Equivalents	**7**	**5,378,748**	2,558,170
	(iii) other Bank Balance	**7(a)**	**180,000,000**	–
	(iv) Other Financial Assets	**8**	**33,288**	–
	(b) Current Tax Assets (Net)		**141,795**	87,595
	(c) Other Current Assets	**9**	**219,327,414**	–
	SUB-TOTAL		**612,021,731**	122,681,569
	TOTAL ASSETS		**717,177,481**	124,220,722
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	**SOCE, 10**	**93,150,000**	18,600,000
	(b) Other Equity	**SOCE**	**546,884,314**	105,451,753
	SUB-TOTAL		**640,034,314**	124,051,753
2	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	**11**	**71,181,964**	155,420
	(b) Other Current Liabilities	**12**	**5,961,203**	13,549
	SUB-TOTAL		**77,143,167**	168,969
	TOTAL EQUITY AND LIABILITIES		**717,177,481**	124,220,722

The accompanying notes 1 to 20 are an integral 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
M. No.: 105731

Place : Mumbai
Date : 25thApril, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Shubhangi Bajoria
Company Secretary

Place : Mumbai
Date : 25thApril, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the current year ended 31st March, 2017	Rupees For the previous period ended 31st March, 2016
Continuing Operations			
I Revenue from operations		–	–
II Other Income	**13**	**12,964,411**	1,364,058
III **Total Revenue (I + II)**		**12,964,411**	1,364,058
IV **Expenses**			
(a) Finance costs	**14**	**–**	60,492
(b) Other expenses	**15**	**15,538,320**	6,185,691
Total Expenses		**15,538,320**	6,246,183
V **(Loss)/Profit before exceptional items and tax**		**(2,573,909)**	(4,882,125)
Exceptional Items		**–**	–
(Loss)/Profit after exceptional items		**(2,573,909)**	(4,882,125)
VI **Share of profit/(loss) of joint ventures and associates**			
(1) Share of profit/(loss) of joint ventures and associated		**–**	–
VII **(Loss)/Profit before tax (V - VI)**		**(2,573,909)**	(4,882,125)
VIII **Tax Expense**			
(1) Current tax		**–**	–
(2) Deferred tax	**5**	**(4,476,800)**	(1,510,528)
Total tax expense		**(4,476,800)**	(1,510,528)
IX **Profit/(loss) after tax from continuing operations (VII-VIII)**		**1,902,891**	(3,371,597)
X **Discontinued Operations**			
(1) Profit/(loss) from discontinued operations		**–**	–
(2) Tax Expense of discontinued operations		**–**	–
XI **Profit/(loss) after tax from discontinued operations**		**–**	–
XII **Profit/(loss) for the year (IX+XI)**		**1,902,891**	(3,371,597)
XIII **Profit/(Loss) from continuing operations for the year attributable to:**			
Owners of the Company		**1,902,891**	(3,371,597)
Non controlling interests		**–**	–
XIV **Other comprehensive income**		**–**	–
A (i) Items that will not be reclassified to profit or loss		**–**	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
B (i) Items that may be reclassified to profit or loss		**–**	–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XV **Total comprehensive income for the year**		**1,902,891**	(3,371,597)
XVI **Total comprehensive income for the year attributable to:**			
Owners of the Company		**1,902,891**	(3,371,597)
Non controlling interests		**–**	–
XVII **Earnings per equity share (for continuing operation):**			
(1) Basic	**16**	**0.40**	(7.77)
(2) Diluted	**16**	**0.40**	(7.77)
XVIII **Earnings per equity share (for continuing and discontinued operations):**			
(1) Basic	**16**	**0.40**	(7.77)
(2) Diluted	**16**	**0.40**	(7.77)

The accompanying notes 1 to 20 are an integral 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
M. No.: 105731

Place : Mumbai
Date : 25thApril, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Shubhangi Bajoria
Company Secretary

Place : Mumbai
Date : 25thApril, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Cash flows from operating activities			
Profit before tax for the year	P L	**1,902,891**	(3,371,597)
Adjustments for:			
Income tax expense recognised in profit or loss	**5**	**(4,476,800)**	(1,510,528)
Finance costs recognised in profit or loss		**–**	60,492
Investment income recognised in profit or loss	**13**	**(12,964,411)**	(1,364,058)
		(17,441,211)	(2,814,094)
Movements in working capital:			
(Increase)/decrease in other assets & other financial assets	**8,9**	**(219,360,701)**	–
(Decrease)/Increase in trade and other payables	**11**	**71,026,544**	155,420
(Decrease)/increase in other liabilities	**12**	**5,947,654**	13,549
Cash generated from operations		**(142,386,504)**	168,969
Income taxes paid		**(54,200)**	(87,595)
Net cash generated by operating activities		**(157,979,024)**	(6,104,317)
Cash flows from investing activities			
Payments to acquire financial assets	**6**	**(87,104,682)**	(120,000,000)
Interest received	**13**	**575,292**	475,943
Other dividends received	**13**	**12,389,119**	852,311
Payments for property, plant and equipment		**(99,139,797)**	(28,625)
Net cash (used in)/generated by investing activities		**(173,280,068)**	(118,700,371)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	**10**	**514,395,000**	127,750,000
Payment for share issue costs		**(315,330)**	(326,650)
Interest paid	**14**	**–**	(60,492)
Net cash used in financing activities		**514,079,670**	127,362,858
Net increase in cash and cash equivalents		**182,820,578**	2,558,170
Cash and cash equivalents at the beginning of the year	**7**	**2,558,170**	–
Cash and cash equivalents at the end of the year	**7**	**185,378,748**	2,558,170

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
M. No.: 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Shubhangi Bajoria
Company Secretary

Place : Mumbai
Date : 25th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
As at 1st April 2015	–
Changes in equity share capital during the year	18,600,000
As at 31st March 2016	18,600,000
Changes in equity share capital during the year	74,550,000
As at 31st March 2017	**93,150,000**

B. Other Equity

Rupees

	Reserves and Surplus		
	Securities Premium Reserve	**Retained Earnings**	**Total**
As at 1st April 2015	–	–	–
Profit/(Loss) for the period	–	(3,371,597)	(3,371,597)
Issue of share	109,150,000	–	109,150,000
Total Comprehensive Income for the year	109,150,000	(3,371,597)	105,778,403
Equity Share Issuance Costs	(326,650)	–	(326,650)
As at 31st March 2016	108,823,350	(3,371,597)	105,451,753
Profit/(Loss) for the period	–	1,902,891	
Issue of share	439,845,000	–	439,845,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	**548,668,350**	**(1,468,706)**	**547,199,644**
Equity Share Issuance Costs	(315,330)	–	(315,330)
As at 31st March 2017	**548,353,020**	**(1,468,706)**	**546,884,314**

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
M. No.: 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Shubhangi Bajoria
Company Secretary

Place : Mumbai
Date : 25th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

Neo Solren Private Limited ('the Company') was incorporated in India on 1st July, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Renewables Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31st March, 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant accounting policies and Accounting judgments and estimates

A) Significant Accounting Policies

Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

a) 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 recognized prospectively in current and future periods.

b) 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.

(i) Interest income

Interest income from a financial asset is recognised 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.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

c) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

d) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

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 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

f) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) Financial Assets and Financial Liabilities:

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

h) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) 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 and,

j) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B Significant Accounting Judements and Estimates Missing - Pelase refer word file.

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially 'adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Total
I. Gross Carrying Amount			
Balance as at 1 April 2016	–	–	–
Additions	22,998,202	–	22,998,202
Balance as at 31st March, 2017	**22,998,202**	**–**	**22,998,202**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2016	–	–	–
Depreciation expense for the year		–	–
Balance as at 31st March, 2017	**–**	**–**	**–**
I. Net carrying amount	**22,998,202**	**–**	**22,998,202**

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Deferred Tax:		
Unrecognised tax loss used to reduce deferred tax expense	**(4,476,800)**	(1,510,528)
Total income tax expense on continuing operations	**(4,476,800)**	(1,510,528)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Profit before tax from continuing operations	**(2,573,909)**	(4,882,125)
Income tax expense calculated at 30.90% (2016: 30.90%)	**(795,338)**	(1,508,576)
Effect of income that is exempt from taxation	**(3,828,238)**	(274,428)
Effect of expenses that is non-deductible in determining taxable profit	**146,775**	272,476
Unrecognised MAT Credit		
Income tax expense recognised In profit or loss from continuing operations	**(4,476,801)**	(1,510,528)

Notes:

(1) The tax rate used for the 31st March, 2017 and 31st March, 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax created for business losses is as below:

Financial year	Taxable loss	Deferred tax Assets
2015-16	(4,888,440)	1,510,528
2016-17	(14,488,029)	4,476,801
Total	**(19,376,468)**	**5,987,328**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

Note No. 5 - Current Tax and Deferred Tax

(c) Movement in deferred tax balances

Rupees

For the Year ended 31st March, 2017

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
	–	**–**	**–**
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**(1,510,528)**	**(4,476,800)**	**(5,987,328)**
	(1,510,528)	**(4,476,800)**	**(5,987,328)**
Net Tax Asset (Liabilities)	**(1,510,528)**	**(4,476,800)**	**(5,987,328)**

Rupees

For the previous period ended 31st March, 2016

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	–	(1,510,528)	(1,510,528)
	–	–	–
	–	(1,510,528)	(1,510,528)
Net Tax Asset (Liabilities)	–	(1,510,528)	(1,510,528)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 6 - Investments

Rupees

Particular	As at 31st March, 2017			As at 31st March, 2016		
	QTY	Amounts* Current	Amounts* Non-Current	QTY	Amounts* Current	Amounts* Non-Current
Designated as Fair Value Through Profit and Loss						
Investments in Mutual Funds	**147,198**	**207,140,486**	**–**	–	120,035,804	–
Total Aggregate Quoted Investments	**147,198**	**207,140,486**	**–**	–	120,035,804	–
Of the above, investments designated as FVTPL		**207,140,486.38**			120,035,804	
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**147,197**	**207,140,486.38**			120,035,804	
Total impairment value for investments (B)	**–**	**–**		–	–	
TOTAL INVESTMENTS CARRYING VALUE (A) - (B)	**147,198**	**207,140,486**	**–**	–	120,035,804	–
Other disclosures						
Aggregate amount of Market value of investments	**147,198**	**207,140,486**			120,035,804	

Notes: Detail of Investment done in Mutual Fund

Name of Mutual Fund	Units	NAV as on 31st March, 17	Value
UTI-Money Market Fund - Institutional Plan - Growth	68,412	**1,816.83**	124,292,052
Mahindra Liquid Fund - Regular - Growth	78,786	**1,051.56**	82,848,434
	147,198	**2,868.39**	**207,140,486**

Note No. 7 - Cash and Cash Equivalent

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents		
Balances with banks	**5,378,748**	2,558,170
Total Cash and Cash Equivalent	**5,378,748**	2,558,170

Note No. 7(a) - Other Bank Balance

Other Bank Balances

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Fixed Deposits with maturity greater than 3 months	**180,000,000**	–
Total Other Bank Balances	**180,000,000**	–

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Total Cash and Cash Equivalents as per Balance Sheet	**185,378,748**	2,558,170
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**185,378,748**	2,558,170

Notes:

(1) Earmarked balances with banks include Fixed Deposits for Debt Service Reserve

(2) Cash and cash equivalents include cash in hand and in banks, net of overdraft, if any.

(3) Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note No. 8 - Other financial assets

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non-Current	Current	Non-Current
Financial assets at amortised cost				
Interest Accrued on Fixed Deposit	**33,288**	**–**	–	–
Total Other financials assets	**33,288**	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 9 - Other assets

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non-Current	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	**201,809,000**	**–**	–	–
(b) Advances other than capital advances				
(i) Other advances	**38,414**	**–**	–	–
(c) Other Assets - Prepaid expenses	**17,480,000**	**–**	–	–
Total Other assets	**219,327,414**	**–**	–	–

Note No. 10 - Equity Share Capital

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of shares	Value of share	No. of shares	Value of share
Authorised:				
Equity shares of Rs. 10 each with voting rights	**10,000,000**	**100,000,000**	10,000,000	100,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**9,315,000**	**93,150,000**	1,860,000	18,600,000
Total Equity share capital	**9,315,000**	**93,150,000**	1,860,000	18,600,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*							
Year Ended 31st March, 2017							
	No. of Shares	**1,860,000**	**7,455,000**	**–**	**–**	**–**	**9,315,000**
	Amount in Rupees	**18,600,000**	**74,550,000**	**–**	**–**	**–**	**93,150,000**
Year Ended 31st March, 2016							
	No. of Shares	–	1,860,000	–	–	–	1,860,000
	Amount in Rupees	–	18,600,000	–	–	–	18,600,000

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2017			
Mahindra Renewables Private Limited, the Holding Company	**9,315,000**	**–**	**–**
As at 31st March, 2016			
Mahindra Renewables Private Limited	1,860,000	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	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 Renewables Private Limited (Holding Company)*	**9,315,000**	**100%**	1,860,000	100%

* Note:- This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi - 1 equity share)

Note No. 11 - Trade Payables

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non-Current	Current	Non-Current
Trade payable - Micro ans small enterprises	**–**	**–**	–	–
Trade payable - Other than micro ans small enterprises	**71,181,964**	**–**	155,420	–
Total Trade Payables	**71,181,964**	**–**	155,420	–

Notes:

(1) Trade Payables ar e payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 12 - Other Liabilities

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non-Current	Current	Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**5,961,203**	**–**	13,549	–
Total Other Liabilities	**5,961,203**	**–**	13,549	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 13 - Other Income

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(a) Interest Income		
On Financial Assets at FVTPL	**575,291.75**	475,943
(b) Dividend Income	**12,389,119**	888,115
Total Other Income	**12,964,411**	1,364,058

Note No. 14 - Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Interest expense	**–**	60,492
Total Finance Cost	**–**	60,492

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Interest Expenses		
Interest on Inter Corporate Deposit	**–**	60,492

Note No. 15 - Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**50,000**	28,625
(ii) For Taxation matters	**25,000**	–
(iii) For Company Law matters	**–**	–
(iv) For Other services	**20,000**	–
(v) For reimbursement of expenses	**–**	–
(b) Other expenses		
(i) Legal and other professional costs	**14,944,766**	6,151,285
(ii) Printing & Stationary	**4,334**	–
(iii) Miscellaneous expenses	**494,220**	5,781
Total Other Expenses	**15,538,320**	6,185,691

Note No. 16 - Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**0.40**	(7.77)
From discontinuing operations	**–**	–
Total basic earnings per share	**0.40**	(7.77)
Diluted Earnings per share		
From continuing operations	**0.40**	(7.77)
From discontinuing operations	**–**	–
Total diluted earnings per share	**0.40**	(7.77)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rupees

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company	**1,902,891**	(3,371,597)
Less: Preference dividend and tax thereon	**–**	–-
Profit/(loss) for the year used in the calculation of basic earnings per share	**1,902,891**	(3,371,597)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**1,902,891**	(3,371,597)
Weighted average number of equity shares	**4,700,836**	433,818
Earnings per share from continuing operations - Basic	**0.40**	(7.77)

Note No. 17 - Financial Instruments

Capital management

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

	31-Mar-17	31-Mar-16
Equity	**640,034,314**	124,051,753
Less: Cash and cash equivalents	**185,378,748**	2,558,170
	454,655,566	121,493,583

Categories of financial assets and financial liabilities

As at 31st March, 2017 Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Investments	**–**	**207,140,486**	**–**	**–**
– Non Derivative Financial Assets	**33,288**	**–**	**–**	**–**
Current Liabilities				
Trade Payables	**71,181,964**	**–**	**–**	**–**
Total	**71,215,252**	**207,140,486**	**–**	**–**

As at 31st March, 2016

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments	–	120,035,804	–	–
Current Liabilities				
Trade Payables	155,420	–	–	–
Total	155,420	120,035,804	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
31-Mar-17				
Non-interest bearing	**71,181,964**	**–**	**–**	**–**
Total	**71,181,964**	**–**	**–**	**–**
31-Mar-16				
Non-interest bearing	155,420	–	–	–
Total	155,420	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial assets				
31-Mar-17				
	–	**–**	**–**	**–**
Variable interest rate instruments	**207,140,486**	**–**	**–**	**–**
Total	**207,140,486**	**–**	**–**	**–**
31-Mar-16				
Variable interest rate instruments	120,035,804	–	–	–
Total	120,035,804	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

The Company has a policy of investing surplus cash balances in short term liquid debt funds which are subject to minimum market risk.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 18 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-17	31-Mar-16				
Financial assets						
Investments						
1) Mutual fund investments	**207,140,486.38**	120,035,804	**Level 1**	**Market Value**	–	–
Total financial assets	**207,140,486.38**	120,035,804	–	–	–	**–**

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	**31-Mar-17**		31-Mar-16		1-Apr-15	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– Other financial assets	**33,288**	**33,288**	–	–	–	–
Financial liabilities						
Financial liabilities held at amortised cost						
– trade and other payables	**71,181,964**	**71,181,964**	155,420	155,420	–	–
Total	**71,215,251**	**71,215,251**	155,420	155,420	–	–

Fair value hierarchy as at 31st March, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Other financial assets	**–**	**–**	**33,288**	**33,288**
Total	**–**	**–**	**33,287**	**33,287**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	**–**	**–**	**71,181,964**	**71,181,964**
Total	**–**	**–**	**71,181,964**	**71,181,964**

Fair value hierarchy as at 31st March, 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	155,420	155,420
Total	–	–	155,420	155,420

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 19 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Nature of transactions with Related Parties				
Purchase of goods ...	**31-Mar-17**	**–**	**70,864,734**	**–**
	31-Mar-16	–	–	–
Receiving of services	**31-Mar-17**	**143,751**	**14,580,000**	**–**
	31-Mar-16	85,875	5,040,000	–
Loans taken	**31-Mar-17**	**–**	**–**	**–**
	31-Mar-16	–	1,200,000	–
Deposit taken.....	**31-Mar-17**	**–**	**–**	**200,000**
	31-Mar-16	–	–	–
Deposit repaid	**31-Mar-17**	**–**	**–**	**200,000**
	31-Mar-16	–	–	–
Equity contribution to the Company	**31-Mar-17**	**–**	**–**	**514,395,000**
	31-Mar-16	–	–	127,750,000
Other transactions	**31-Mar-17**	**–**	**–**	**–**
	31-Mar-16	–	60,492	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Trade payables	**31-Mar-17**	**209,625**	**70,864,733**	**–**
	31-Mar-16	78,375	–	–

Note No. 20 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March, 2016:

Particulars	Notes	Rupees As at 31st March, 2016
Equity as reported under previous GAAP		122,505,421
Ind AS: Adjustments increase (decrease):		
Deferred income tax		(1,510,528)
Dividends booked on MTM of Investments		35,804
Balance is Equity under IND AS.....		121,030,698
Equity as reported under IND AS.....	**SOCI**	124,051,753

(ii) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2016:

PARTICULARS	Notes	Period Ended 31st March, 2016
Profit or Loss as per previous GAAP ..		(4,917,929)
Ind AS: Adjustments increase (decrease):		
Deferred tax		(1,510,528)
Dividends booked on MTM of Investments.....		35,804
Total adjustment to profit or loss		(6,392,652)
Profit or Loss under Ind AS		(3,371,597)
Other comprehensive income.....		–
Total comprehensive income under Ind ASs.....		(3,371,597)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

Analysis of cash and cash equivalents as at 31st March, 2016 for the purpose of Statement of Cash flows under Ind AS

PARTICULARS	Notes	As at 31st March, 2016
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP.....	**7**	2,558,170
Bank Overdrafts which forms integral part of cash management system.....		–
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP.....		–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP.....		–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS.....	**7**	2,558,170

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Chapsey
Partner
M. No.: 105731

Place : Mumbai
Date : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Shubhangi Bajoria
Company Secretary

Place : Mumbai
Date : 25th April, 2017

DIRECTORS' REPORT

Your Directors present their Second Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2017.

Financial Highlights and State of Company's Affairs

(Rupees in Lakhs)

Particulars	For the year ended March 31, 2017 #	For the year ended March 31, 2016 #
Income	**–**	–
Expenses		
Other Expenses	**1.51**	1.74
Depreciation and Amortization Expenses	**–**	–
Finance Costs	**–**	–
Total Expenses	**1.51**	1.74
Profit/(Loss) before Tax	**(1.51)**	(1.74)
Provision for Tax	**(0.47)**	(0.54)
Profit/(Loss) for the year from continuing operations	**(1.04)**	(1.20)
Balance of profit from earlier years	**(1.20)**	–
Balance carried forward	**(2.25)**	(1.20)
Amount carried forward to reserves	**(2.25)**	(1.20)
Net worth	**(1.25)**	(0.20)

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments has 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 OF THE COMPANY AND OUTLOOK FOR THE CURRENT YEAR

The Company has not commenced its operations during the year under review. The Company is looking at various opportunities to undertake in Solar Power Projects.

The Company has no subsidiaries, associates or joint ventures.

DIVIDEND

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

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

SHARE CAPITAL

During the year under review, there has been no change in the Authorized or Paid-up share Capital of your Company.

The Authorized Share Capital of your Company as on March 31, 2017 stood at Rs. 5,00,000/- (Rupees Five Lakhs only) divided into 50,000 (Fifty Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2017 stood at Rs. 1,00,000/- (Rupees One Lakh) divided into 10,000 (Ten Thousand) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

BOARD OF DIRECTORS

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1	Basant Jain	00220395	Non – Executive Director	Non – Independent Director	4
2	Roshan Gandhi	00010478			4

There have not been any changes in Directors during the year.

Mr. Basant Jain (DIN: 00220395) and Mr. Roshan Gandhi (DIN: 00010478) were appointed as the first Directors of the Company with effect from October 10, 2015.

During the year under review, the Board of Directors conducted four meetings i.e. on April 15, 2016, August 08, 2016, November 29, 2016 and February 09, 2017.

At the 1st (First) AGM held on September 30, 2016, the appointments of Mr. Basant Jain (DIN: 00220395) and Mr. Roshan Gandhi (DIN: 00010478) as Directors were approved by the members.

Mr. Roshan Gandhi (DIN: 00010478) retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

Your Company is not required to constitute any mandatory Committees of the Board. Provisions relating to annual evaluation of Board / Committees are not applicable to your Company.

The provisions relating to appointment of KMPs as required under section 203 of the Companies Act 2013 are not applicable to the Company as the Company's paid up capital is below the thresh hold limits specified therein.

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:

- 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 the end of the financial year and of the loss of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM") held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office for a period of five years. They hold the office from the conclusion of the First AGM upto the conclusion of Sixth AGM to be held in the year 2021.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing Second AGM.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor has 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 as attached herewith as **Annexure I** and the same forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Your company has not made any loans, investments and guarantees 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 availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on 31st March, 2017 in form MGT-9 is annexed 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received regarding sexual harassment. During the year under review, no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013, implementation of Vigil Mechanism in accordance with Section 177(9) of the Companies Act, 2013 and annual evaluation under Section 134(3)(p) of the Act, are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 25th April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2017

A. CONSERVATION OF ENERGY

- Energy Conservation measures taken:

  The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

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

- 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: NIL

B. TECHNOLOGY ABSORPTION

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

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

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

Foreign Exchange earnings - NIL

Foreign Exchange outgo - NIL

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place: Mumbai
Date: 25th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

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.]

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

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 arrangements or transactions at Arm's length basis:

(Rupees in Lakhs)

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		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited - Ultimate Holding Company	Annual/Recurring/ Ongoing Contract	Receiving of secretarial Services	0.80	Not applicable (Refer Note 2)	NIL

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on March 31, 2017

[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**	U74120MH2015PTC269074
2	**Registration Date**	October 10, 2015
3	**Name of the Company**	Marvel Solren Private Limited
4	**Category/Sub-Category of the Company**	Public Company Limited by shares/Indian Non-Government Company
5	**Address of Registered office and contact details**	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
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:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company #
1.	Electric power generation using solar energy	35105	0%

The Company is yet to commence operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address**: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address**: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U74990MH2010PTC207854	Immediate Holding Company	100 *	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 0018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 time of incorporation (As on 1.4.2016)				No. of Shares held at the end of the period (As on 31.3.2017)				% Change during the Period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	10,000	100	–	10,000	10,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**–**	**10,000**	**10,000**	**100**	**–**	**10,000**	**10,000**	**100**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A (2)	–	–	–	–	–	–	–	–	–
Total Shareholder of Promoters (1+2)	**–**	**10,000**	**10,000**	**100**	**–**	**10,000**	**10,000**	**100**	**–**
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ` 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the time of incorporation (As on 1.4.2016)				No. of Shares held at the end of the period (As on 31.3.2017)				% Change during the Period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii. Individual shareholders holding nominal share capital in excess of ` 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	10,000	10,000	100	–	10,000	10,000	100	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the time of incorporation (As on 01.04.2016)			Shareholding at the end of the period (As on 31.03.2017)			% change In shareholding during the period
		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 Renewables Private Limited	9,999	100	–	9,999	100	–	–
2.	Mahindra Renewables Private Limited Jointly with Roshan Gandhi*	1	–	–	1	–	–	–
	TOTAL	**10,000**	–	–	**10,000**	–	–	–

* One Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoters' Shareholding: There are no changes in promoter shareholding

Particular Promoter Mahindra Renewables Private Limited including 1 share Jointly with Roshan Gandhi	Shareholding at the beginning of the year (As on 1.4.2016)		Cumulative Shareholding during the period	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the period	**10,000**	**100**	**10,000**	**100**
At the end of the year (As on 31.3.2017)		–	**10,000**	**100**

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

Sr. No	Top Ten Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Shareholding at the end of the year (as on 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Nil					

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	
	Name of the Director/KMP	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
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
Indebtedness at the beginning of the financial year 01.04.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2017	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

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	Name of the MD/WTD/ Manager	Total Amount
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors (Independent Directors / Other Non-Executive Directors):

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Overall Cieling as per the Act.	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable

		(Amount in Rupees)		
Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
1	**Gross Salary**	**Chief Executive Officer**	**Chief Financial Officer**	**Company Secretary**
	(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	–	–	–
	Total	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):– 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)**
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Marvel Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARVEL SOLREN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Marvel Solren Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its loss including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences on account of conversion to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term and derivative contracts.
        iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. According to the information and explanations given to us and as indicated in Note 5 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey

Partner
Membership Number: 105731

Place: Mumbai
Date: 25th April, 2017

ANNEXURE I TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 10 OF OUR REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF MARVEL SOLREN PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. The Company did not have any activity during the year except for certain administrative expenses incurred did not have any transactions during the year. Accordingly the provisions of para 3(i)-(vi), (viii) (ix) and (xiv) are not applicable to the Company.

2. (i) The Company is regular in depositing the undisputed statutory dues relating to taxes deducted at source with the appropriate authorities. The provisions of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax and cess are not applicable. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.

   (ii) There are no taxes deducted at source which have not been deposited on account of any dispute.

3. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.

4. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.

5. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

6. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.

7. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.

8. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.

9. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co
Chartered Accountants
Firm Registration Number: 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 25th April, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MARVEL SOLREN 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 Marvel Solren Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS 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, 2017, 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
Date: 25th April, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees

		Note No.	As at 31st March, 2017	As at 31st March, 2016
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Deferred Tax Assets (Net)	4	**100,466**	53,818
	SUB-TOTAL		**100,466**	53,818
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	5	**20,242**	45,733
	SUB-TOTAL		**20,242**	45,733
	TOTAL ASSETS		**120,708**	99,550
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	SOCE, 6	**100,000**	100,000
	(b) Other Equity	SOCE	**(224,666)**	(120,350)
	SUB-TOTAL		**(124,666)**	(20,350)
	LIABILITIES			
	2 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	7	**237,563**	109,900
	(b) Other Current Liabilities	8	**7,811**	10,000
	SUB-TOTAL		**245,374**	119,900
	TOTAL EQUITY AND LIABILITIES		**120,708**	99,550

The accompanying notes 1 to 14 are an integral 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 : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
	Continuining Operations			
I	Revenue from operations		**–**	–
II	Other Income		**–**	–
III	**Total Revenue (I + II)**		**–**	–
IV	**Expenses**			
	Other expenses	9	**150,964**	174,167
	Total Expenses		**150,964**	174,167
V	**(Loss)/Profit before exceptional items and tax (III - IV)**		**(150,964)**	(174,167)
	Exceptional Items		**–**	–
VI	**(Loss)/profit after exceptional items**		**(150,964)**	(174,167)
VII	**Share of profit/(loss) of joint ventures and associates**		**–**	–
VIII	**(Loss)/profit before tax**		**(150,964)**	(174,167)
IX	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	4	**46,648**	53,818
	Total tax expense		**(46,648)**	(53,818)
X	**(Loss)/profit for the year (VIII - IX)**		**(104,316)**	(120,350)
XI	**(Loss)/profit from continuing operations for the period attributable to:**			
	Owners of the Company		**(104,316)**	(120,350)
	Non controlling interests		**–**	–
XII	**Other comprehensive income**		**–**	–
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XIII	**Total comprehensive income for the year**		**(104,316)**	(120,350)
XIV	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**(104,316)**	(120,350)
	Non controlling interests		**–**	–
XV	**Earnings per equity share (for continuing operations):**			
	(1) Basic	10	**(10.43)**	(25.25)
	(2) Diluted	10	**(10.43)**	(25.25)
XVI	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	10	**(10.43)**	(25.25)
	(2) Diluted	10	**(10.43)**	(25.25)

The accompanying notes 1 to 14 are an integral 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 : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the Current year ended 31st March, 2017	Rupees For the previous period ended 31st March, 2016
Cash flows from operating activities			
(Loss)/Profit before tax for the year	**P L**	**(150,964)**	(174,167)
Adjustments for:			
Income tax expense recognised in profit or loss	**4**	**46,648**	53,818
		46,648	53,818
Movements in working capital:			
Decrease in trade and other payables	**7**	**127,663**	109,900
(Decrease)/increase in other liabilities	**8**	**(2,189)**	10,000
Cash generated from operations		**125,474**	119,900
Income taxes paid		**(46,649)**	(53,818)
Net cash generated by operating activities		**(25,491)**	(54,267)
Cash flows from investing activities			
		–	–
Net cash (used in)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**–**	100,000
Net cash used in financing activities		**–**	100,000
Net increase in cash and cash equivalents		**(25,491)**	45,733
Cash and cash equivalents at the beginning of the year		**45,733**	–
Cash and cash equivalents at the end of the year	**5**	**20,242**	45,733

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 : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
As at 1st April, 2015	–
Changes in equity share capital during the year	100,000
As at 31st March, 2016	100,000
Changes in equity share capital during the year	–
As at 31st March, 2017	**100,000**

B. Other Equity

		Rupees
Particulars	**Retained Earnings**	**Total**
As at 1st April, 2015	–	–
Profit/(Loss) for the period	(120,350)	(120,350)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(120,350)	(120,350)
As at 31st March, 2016	**(120,350)**	**(120,350)**
Profit/(Loss) for the period	(104,316)	(104,316)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(224,666)	(224,666)
As at 31st March, 2017	**(224,666)**	**(224,666)**

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 : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

Marvel Solren Private Limited ('the Company') was incorporated in India on 10th October, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31st March, 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments ans Estimates

A) Significant Accounting Policies

Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

a) 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 recognized prospectively in current and future periods.

b) 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.

(i) Interest income

Interest income from a financial asset is recognised 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.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

c) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

d) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

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 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

f) Provisions and Contingent Liabilities :

(i) ***Provisions***

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) ***Contingent liabilities***

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/ agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

h) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) 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.

j) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 4 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2017	Rupees Period ended 31st March, 2016
Deferred Tax:		
Unrecognised tax loss used to reduce deferred tax expense	**(46,648)**	(53,818)
Total income tax expense on continuing operations	**(46,648)**	(53,818)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March, 2017	Rupees Period ended 31st March, 2016
Profit before tax from continuing operations	**(150,964)**	(174,167)
Income tax expense calculated at 30.90% (2016: 30.90%)#	**(46,648)**	(53,818)
	(46,648)	(53,818)
Income tax expense recognised In profit or loss from continuing operations	**(46,648)**	(53,818)

Notes:

The tax rate used for the 31st March, 2017 and 31st March, 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

Particulars	Rupees For the Year ended 31st March, 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	53,818	46,648	100,466
	–	–	–
	53,818	46,648	100,466
Net Tax Asset (Liabilities)			**100,466**

Particulars	Rupees For the period ended 31st March, 2016 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	–	53,818	53,818
	–	53,818	53,818
Net Tax Asset (Liabilities)	–	53,818	53,818

Note No. 5 – Cash and Cash Equivalent

Particulars	Rupees As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents		
Balances with banks	**20,243**	45,733
Total Cash and cash equivalent	**20,243**	45,733

Reconciliation of Cash and Cash Equivalents

Particulars	Rupees As at 31st March, 2017	As at 31st March, 2016
Total Cash and Cash Equivalents as per Balance Sheet	**20,243**	45,733
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**20,242**	45,732

Notes:

(1) Cash and cash equivalents include cash in hand and in banks, net of overdraft, if any.

(2) Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note No. 6 – Equity Share Capital

Particulars	Rupees As at 31st March, 2017 No. of shares	Value of shares	As at 31st March, 2016 No. of shares	Value of shares
Authorised:				
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**10,000**	**100,000**	10,000	100,000
Total Equity Share Capital	**10,000**	**100,000**	10,000	100,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Closing Balance
(a) Equity Shares with Voting rights*					
Year Ended 31st March 2017					
No. of Shares	**10,000**	–	–	–	**10,000**
Amount in Rupees	**100,000**	–	–	–	**100,000**
Year Ended 1st April, 2016					
No. of Shares	10,000	–	–	–	10,000
Amount in Rupees	100,000	–	–	–	100,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2017			
Mahindra Renewables Private Limited, the Holding Company	**10,000**	–	–
As at 1st April, 2016			
Mahindra Renewable Private Limited, the Holding Company	10,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	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 Renewables Private Limited (Holding Company)*	10,000	100%	10,000	100%

* Note:- This includes 1 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Mr. Roshan Gandhi – 1 equity share)

Note No. 7 – Trade Payables

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non Current	Current	No Current
Trade payable – Micro ans small enterprises				
Trade payable – Other than micro ans small enterprises	**237,563**	–	109,900	–
Total Trade Payables	**237,563**	–	109,900	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 8 – Other financial Liabilities

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non-Current	Current	Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**7,811**	–	10,000	–
Total other financial liabilities	**7,811**	–	10,000	–

Note No. 9 – Other Expenses

Rupees

Particulars			For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(A)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors-Statuotry audit fees	25,000	28,625
(B)	Other expenses			
	(i)	Legal and other professional costs	111,025	143,403
	(ii)	Miscellaneous expenses	14,939	2,139
Total Other Expenses			150,964	174,167

Note No. 10 – Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2017 Per Share	For the previous period ended 31st March, 2016 Per Share
Basic Earnings per share		
From continuing operations	**(10.43)**	(25.25)
From discontinuing operations	–	–
Total basic earnings per share	**(10.43)**	(25.25)
Diluted Earnings per share		
From continuing operations	**(10.43)**	(25.25)
From discontinuing operations	–	–
Total diluted earnings per share	**(10.43)**	(25.25)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		Rupees
	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(Loss)/Profit for the year attributable to owners of the Company	(104,316)	(120,350)
Less: Preference dividend and tax thereon	–	–
(Loss)/Profit for the year used in the calculation of basic earnings per share	(104,316)	(120,350)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
(Loss)/Profit used in the calculation of basic earnings per share from continuing operations	(104,316)	(120,350)
Weighted average number of equity shares	10,000	4,767
Earnings per share from continuing operations – Basic	(10.43)	(25.25)

Note No. 11 – Financial Instruments

Capital management

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.

	31st March, 2017	31st March, 2016
Equity	**(124,666)**	(20,350)
Less: Cash and cash equivalents	**20,242**	45,733
	(144,908)	(66,083)

Categories of financial assets and financial liabilities

	As at 31st March, 2017			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Liabilities				
Trade Payables	**237,563**	–	–	–

	As at 31st March, 2016			
	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities	–	–	–	–
Trade Payables	109,900	–	–	–
	109,900	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	**237,563**	–	–	–
Total	**237,563**	–	–	–
01-Apr-16				
Non-interest bearing	109,900	–	–	–
Total	109,900	–	–	–

Note No. 12 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

				Rupees
	31-Mar-17		31-Mar-16	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**237,563**	**237,563**	109,900	109,900
Total	**237,563**	**237,563**	109,900	109,900

	Fair value hierarchy as at 31st March, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	**237,563**	**237,563**
Total	–	–	**237,563**	**237,563**

	Fair value hierarchy as at 31st March, 2016			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	109,900	109,900
Total	–	–	109,900	109,900

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 13 – Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Nature of transactions with Related Parties				
Receiving of services	31–Mar–17	79,520	–	–
	31–Mar–16	78,375	–	–
Deposit Repayment	31–Mar–17	–	–	200,000
	31–Mar–16	–	–	
Deposit Taken	31–Mar–17	–	–	200,000
	31–Mar–16	–	–	–
Equity contribution to the Company	31–Mar–17	–	–	–
	31–Mar–16	–	–	100,000

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Trade payables	31-Mar-17	157,895	–	–
	31-Mar-16	78,375	–	–

Note No. 14 – First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 1st April, 2016:

Rupees

Particulars	As at 1st April, 2016
Equity as reported under previous GAAP	(74,167)
Ind AS: Adjustments increase (decrease):	
Deferred income tax	53,817
Equity as reported under IND AS	(20,350)

Analysis of cash and cash equivalents as at 1st April, 2016 for the purpose of Statement of Cash flows under Ind AS

Rupees

Particulars	As at 1st April, 2016
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP	45733
Bank Overdrafts which forms integral part of cash management system	–
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP	–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	45,733

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 : 25th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date : 25th April, 2017

DIRECTORS' REPORT

Your Directors present their Second Report together with the Audited Standalone Financial Statements of your Company for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

		(` in Lakhs)
Particulars	**For the year ended March 31, 2017 #**	For the year ended March 31, 2016 #
Income		
Other Income	**75.95**	–
Total Income	**75.95**	–
Expenses		
Other Expenses	**535.47**	1.42
Depreciation and Amortization Expenses	**–**	–
Finance Costs	**2.14**	–
Total Expenses	**537.61**	1.42
Profit/(Loss) before Tax	**(461.66)**	(1.42)
Provision for Tax	**(119.96)**	(0.44)
Profit/(Loss) for the year from Continuing Operations	**(341.70)**	(0.97)
Balance of Profit from earlier years	**(0.97)**	0.00
Balance carried forward	**(342.67)**	(0.97)
Amount carried forward to reserves	**(342.67)**	(0.97)
Net worth	**6181.53**	0.00

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments have occurred after the closure of the year under review till the date of this report that which would affect the financial position of the Company.

OPERATIONS OF THE COMPANY

The Company is setting up 2 Solar Power plants of 40 Mega Watts ("MW") Alternate Current ("AC") and 25 MW AC in Charanka Solar Park, Gujarat. The Company has incurred expenditure amounting to ` 377 Crores till 31st March 2017 for setting up these power plants. The Company has signed the Power Purchase Agreements with Solar Energy Corporation of India and secured debt financing as well. The project construction work is in progress and the plant is expected to be commissioned shortly.

The Company has no subsidiaries, associates or joint ventures.

OUTLOOK FOR THE CURRENT YEAR

The Company will commission the 65 MW AC solar power plant at Charanka Solar Park in the state of Gujarat shortly and start generating revenue from sale of power. The Company will also continue to evaluate opportunities to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

DIVIDEND

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

HOLDING COMPANY

Your Company continues to remain wholly owned subsidiary of Mahindra Renewables Private Limited.

DEMATERIALISATION OF SHARES

The shares of your Company have been admitted for dematerialisation with National Securities Depository Limited during the year. The International Securities Identification Number (ISIN) allotted to the Company is INE512W01010. Your company has appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agent.

ALTERATION OF MEMORANDUM OF ASSOCIATION

The Memorandum of Association of your Company was changed for the following purpose(s):-

- **Capital Clause**: Increase in Authorized Share Capital from ` 5 Lakhs to ` 9.5 Crores;
- **Capital Clause**: Increase in Authorized Share Capital from ` 9.5 Crores to ` 14.10 Crores.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to include clause(s) to appoint Lenders' Nominee Director in case of default, deemed Share Transfer as per standard requisition from the lending Bank, Dematerialisation of Shares and to alter the common seal clause.

SHARE CAPITAL

Authorized Share Capital

The Authorized Share Capital of your Company as on March 31, 2017 stood at ` 14,10,00,000 (Rupees Fourteen Crores Ten Lakhs Only) divided into 1,41,00,000 (One Crore Forty One Lakhs) equity shares of the face value of ` 10/- (Rupees Ten only) each.

Further issue of Share Capital

During the year under review, your Company made the allotments in tranches during the year under review to Mahindra Renewables Private Limited on Rights Basis of aggregate 84,79,600 equity shares of the face value of ` 10/- each at the premium of ` 67/- per share.

Consequent to the above allotments, the issued, subscribed and paid-up share capital of your Company as on March 31, 2017 stood at ` 8,48,96,000 (Rupees Eight Crores Forty Eight Lakhs Ninety Six Thousand only) divided into 84,89,600 (Eighty Four Lakhs Eighty Nine Thousand Six Hundred) equity shares of the face value of ` 10/- each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

The Composition and the attendance at the meeting of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/Non Executive	Independent/ Non – Independent	No. of Board Meetings attended
1.	Basant Jain	00220395	Non – Executive	Non – Independent	13
2.	Roshan Gandhi	00010478	Non – Executive	Non – Independent	13
3.	Sriram Ramachandran	07319032	Non-Executive	Non – Independent (Additional Director)	Refer Note #
4.	Bharat Upadhyay	02189485	Non-Executive	Additional - Independent	Refer Note *
5.	Rajiv Sarin	05351721			

\# Appointed as an Additional Director w.e.f. 25th April, 2017

* Appointed as an Additional Independent Director w.e.f. 25th April, 2017

The Company has received the notice(s) along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Sriram Ramachandran, Mr. Bharat Upadhyay and Mr. Rajiv Sarin as candidates for the office of Director at the forthcoming Annual General Meeting of the Company. Your Directors recommend for your consideration, their appointment as Directors at the forthcoming Annual General Meeting ("AGM").

Your Company is not required to constitute any mandatory committees of the Board. Provisions relating to annual evaluation of Board/Committees are not applicable to your Company.

At the 1st (First) AGM held on September 30, 2016, the appointments of Mr. Basant Jain (DIN: 00220395) and Mr. Roshan Gandhi (DIN: 00010478) as Directors were approved by the members.

Mr. Basant Jain (DIN: 00220395) retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

During the year under review, the Board of Directors met thirteen times i.e. on April 15, 2016, July 08, 2016, July 26, 2016, August 03, 2016, August 31, 2016, November 29, 2016, January 02, 2017, January 03, 2017, January 23, 2017, February 09, 2017, March 04, 2017, March 06, 2017 and March 16, 2017.

During the year under review, 1st AGM of your Company took place on September 30, 2016. There were six Extra-ordinary General Meetings of your Company i.e. on July 12, 2016, August 03, 2016, September 26, 2016, December 02, 2016, January 03, 2017 and March 06, 2017.

The Company has received declarations from Mr. Bharat Upadhyay and Mr. Rajiv Sarin, 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.

All the Directors of your Company including the Independent Directors 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.

COMMITTEES OF THE BOARD

The Board constituted the Nomination and Remuneration Committee ("NRC") and Audit Committee ("AC") w.e.f. April 25, 2017 comprising of Mr. Bharat Upadhyay, as Chairperson of NRC & AC, Mr. Rajiv Sarin and Mr. Sriram Ramachandran as Members.

KEY MANAGERIAL PERSON

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, Mr. Arvind Garg (ACS A26942) was appointed as the Company Secretary of the Company, with effect from February 09, 2017.

The provisions relating to appointment of other KMPs as required under section 203 of the Companies Act 2013 are not

applicable to the Company as the Company's paid up capital is below the thresh hold limit specified therein.

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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the end of the financial year and of the Loss of the Company for that period;
- The directors 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;
- The directors have prepared the annual accounts on a going concern basis;
- The directors have ensured that there exist adequate internal financial controls with reference to the financial statements; 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.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014, your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy 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 in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM"), held on September 30, 2016, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office for a period of five years. They hold office from the conclusion of the first AGM upto the conclusion of the Sixth AGM to be held in 2021.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing second AGM.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditors has 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, are attached herewith as **Annexure I** and the same forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Your company has not made any loans, investments and guarantees 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 availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding Company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given 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 the Annual Return as on March 31, 2017 in form MGT-9 is annexed 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress the complaints received regarding sexual harassment. During the year under review, there were no employees and no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 and annual evaluation u/s 134(3) (p), are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/ events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/ Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

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 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange earnings and outgo during the year under review is as follows:
Buyers Credit facility of USD 219.94 Lakhs was availed towards payment for project cost and the foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain	**Roshan Gandhi**
Director	**Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

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.)

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

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:

(` in Lakhs)

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		Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Ultimate Holding Company	Annual/Recurring /Ongoing Contract	Receiving of Secretarial services	Rs. 1.44	Not applicable (Refer Note 2)	NIL
2	Mahindra Susten Private Limited	Intermediate Holding Company		Purchase of property and other assets (power plant)	Rs. 36,740.17		
3	Mahindra Susten Private Limited	Intermediate Holding Company		Receiving of services for setting up solar power plant	Rs. 260.00		

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board

Astra Solren Private Limited

Basant Jain — **Director**

Roshan Gandhi — **Director**

Place : Mumbai
Date : 25th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on 31st March, 2017
[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**	U74120MH2015PTC269256
2	**Registration Date**	October 14, 2015
3	**Name of the Company**	Astra Solren Private Limited
4	**Category/Sub-Category of the Company**	Public Company Limited by shares/Indian Non-Government Company
5	**Address of Registered office and contact details**	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6	**Whether listed Company (Yes/No)**	No
7	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.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	Electric power generation using solar energy	35105	NIL

The Company is yet to commence operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	100 *	2(46)
2.	Mahindra Holdings Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	100 *	2(46)
3.	Mahindra Susten Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	100 *	2(46)
4.	Mahindra Renewables Private Limited **Address:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	100	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	10,000	100	84,89,599	1	84,89,600	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	**–**	**10,000**	**10,000**	**100**	**84,89,599**	**1**	**84,89,600**	**100**	**–**
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A (2)	**–**	**–**	**–**	–	–	**–**	**–**	–	–
Total Shareholding of Promoters (1+2)	**–**	**10,000**	**10,000**	**100**	**84,89,599**	**1**	**84,89,600**	**100**	**–**
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ` 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ` 1 Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**10,000**	**10,000**	**100**	**84,89,599**	**1**	**84,89,600**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% change in shareholding during the year
		No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	**Mahindra Renewables Private Limited**	9,999	100	–	84,89,599	100	–	–
2.	**Mahindra Renewables Private Limited Jointly with Roshan Gandhi***	1	–	–	1	–	–	–
	Total	**10,000**	**100**	–	**84,89,600**	**100**	–	–

* Share is held by Mahindra Renewables Private Limited jointly with a Nominee to comply with the statutory provisions of Companies Act, 2013, with regard to minimum number of members.

iii. Change in Promoter's Shareholding:

Name of Promoter Mahindra Renewables Private Limited including 1 share Jointly with Roshan Gandhi	Shareholding at the time of Beginning of the year		Increase/Decrease in No. of shares	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 period	**10,000**	**100**		**10,000**	**100**
Increase: Allotments in tranches during the year			84,79,600	84,89,600	100
At the end of the period (As on 31.3.2017)				**84,89,600**	**100**

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

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	**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 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)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel: NIL

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	**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 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	–	–	–	–

V. INDEBTEDNESS

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

(` in lakhs)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016	–	–	–	–
1) Principal Amount	0.00	–	–	0.00
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.00	–	–	0.00
Total of (1+2+3)	**0.00**	–	–	**0.00**
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	24,325.74	–	–	24,325.74
– Reduction	–	–	–	–
Net Change	**24,325.74**	–	–	**24,325.74**
Indebtedness at the end of the financial year-31.03.2017	–	–	–	–
1) Principal Amount	24,325.74	–	–	24,325.74
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	32.56	–	–	32.56
Total of (1+2+3)	24,358.30	–	–	**24,358.30**

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	Name of the MD/WTD/ Manager	Total Amount
1	Gross salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors (Independent Directors / Other Non-Executive Directors):

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending Board/Committee meetings	–	–
Commission	–	–
Others	–	–
Overall Ceiling as per the Act.	–	–
Total	–	–

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	Name of the Directors	Total Amount
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD - NIL

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Offider	Company Secretary
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	–	–	–

Sr. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Offider	Company Secretary
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others	–	–	–
6.	Performance Bonus	–	–	–
7.	Professional Fees	–	–	–
6.	Others	–	–	–
	Total (C)	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Astra Solren Private Limited

Basant Jain
Director

Roshan Gandhi
Director

Place: Mumbai
Date: 25th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ASTRA SOLREN PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Astra Solren Renewable Energy Private Limited("the Company"), which comprise the balance sheet as at 31st March, 2017 and the statement of profit and loss(including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended audited by us and on which we expressed an unmodified opinion in our report dated 28th April, 2016, as adjusted for the differences in accounting principles between adopted by the Company on to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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 as at 31st March, 2017.

    ii. The Company has made provision as required under the applicable law or accounting standard, for material foreseeable losses, if any on long term and derivative contracts.

    iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

    iv. According to the information and explanations given to us and as indicated in Note 6 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 25, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Astra Solren Private Limited for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. The Company is in the process of constructing its plant to produce and distribute solar power which is disclosed as capital work in progress at 31st March, 2017. The Company doesn't have any other fixed assets and accordingly the provisions of para 3(i) of the Orders are not applicable.
2. The Company had no inventory during and at the close of the year hence the provisions of para 3(ii) 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 3(iii) 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 information and explanations given to us and records of the Company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on 31st March, 2017 for a period of more than 6 months from the date they became payable.

   (ii) There are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.
9. The money raised by the Company by way of buyers' credit term loans during the year has been utilised for the purposes for which it was taken. The Company has not raised any money by way of initial public offer or any further public offer (including debt instruments).
10. During the course of our examination of books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.
11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us the related party transactions entered into by the Company are in accordance with the provisions of 177 and 188 of the Act.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.
16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 25, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ASTRA SOLREN 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 Astra Solren Private Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS 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 31st March, 2017, 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
Date: April 25, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees

		Note No.	As at 31st March, 2017	As at 31st March, 2016
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Capital Work-in-Progress		**3,769,991,256**	–
	(b) Deferred Tax Assets (Net)	**4**	**12,040,488**	44,329
	(c) Other Non-current Assets	**5**	**126,975,800**	–
	SUB-TOTAL		**3,909,007,544**	44,329
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	**6**	**25,765,912**	77,241
	(ii) Other Financial Assets	**7**	**4,384**	–
	(b) Current Tax Assets (Net)		**69,325**	–
	(c) Other Current Assets	**8**	**459,870,410**	–
	SUB-TOTAL		**485,710,031**	77,241
	TOTAL ASSETS		**4,394,717,575**	121,570
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	**SOCE, 9**	**84,894,300**	98,300
	(b) Other Equity	**SOCE**	**533,259,116**	(97,430)
	SUB-TOTAL		**618,153,416**	870
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	**10**	**2,432,574,712**	–
	SUB-TOTAL		**2,432,574,712**	–
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	**11**	**24,510,700**	110,700
	(ii) Other Financial Liabilities	**12**	**1,303,948,019**	–
	(b) Other Current Liabilities	**13**	**15,530,728**	10,000
	SUB-TOTAL		**1,343,989,447**	120,700
	TOTAL EQUITY AND LIABILITIES		**4,394,717,575**	121,570

The accompanying notes 1 to 20 are an integral 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 April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the current year ended 31st March, 2017	Rupees For the previous period ended 31st March, 2016
Continuing Operations			
I Revenue from operations		–	–
II Other Income	**14**	**7,594,791**	–
III **Total Revenue (I + II)**		**7,594,791**	**–**
IV **Expenses**			
(a) Finance costs	**15**	**214,332**	–
(b) Other expenses	**16**	**53,546,540**	141,759
Total Expenses		**53,760,872**	**141,759**
V **(Loss)/Profit before exceptional items and tax (III-IV)**		**(46,166,081)**	**(141,759)**
Less: Exceptional Items		–	–
VI **(Loss)/Profit After exceptional items**		**(46,166,081)**	**(141,759)**
Share of profit/(loss) of joint ventures and associates			
Share of profit/(loss) of joint ventures and associated		–	–
VII **(Loss)/Profit before tax**		**(46,166,081)**	**(141,759)**
VIII **Tax Expense**			
(1) Current tax		–	–
(2) Deferred tax	**4**	**11,996,157**	44,329
Total tax expense		**(11,996,157)**	**(44,329)**
IX **(Loss)/Profit after tax from continuing operations (VII - VIII)**		**(34,169,924)**	**(97,430)**
X **Discontinued Operations**			
(1) Profit/(loss) from discontinued operations		–	–
(2) Tax Expense of discontinued operations		–	–
XI **Profit/(loss) after tax from discontinued operations**		–	–
XII **(Loss)/Profit for the year (IX+X)**		**(34,169,924)**	**(97,430)**
XIII **(Loss)/Profit from continuing operations for the year attributable to:**			
Owners of the Company		**(34,169,924)**	**(97,430)**
Non controlling interests		–	–
XIV **Other comprehensive income**		–	–
A (i) Items that will not be reclassified to profit or loss		–	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
B (i) Items that may be reclassified to profit or loss		–	–
(ii) Income tax on items that may be reclassified to profit or loss		–	–
XV **Total comprehensive income for the year**		**(34,169,924)**	**(97,430)**
XVI **Total comprehensive income for the year attributable to:**			
Owners of the Company		**(34,169,924)**	(97,430)
Non controlling interests		–	–
XVII **Earnings per equity share (for continuing operation):**			
(1) Basic	**17**	**(7.54)**	(20.98)
(2) Diluted	**17**	**(7.54)**	(20.98)
XVIII **Earnings per equity share (for continuing and discontinued operations):**			
(1) Basic	**17**	**(7.54)**	(20.98)
(2) Diluted	**17**	**(7.54)**	(20.98)

The accompanying notes 1 to 20 are an integral 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 April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25 April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Cash flows from operating activities			
(Loss)/Profit After tax for the year	**P L**	**(34,169,924)**	(97,430)
Adjustments for:			
Income tax expense recognised in profit or loss	**4**	**(11,996,157)**	(44,329)
Finance costs recognised in profit or loss	**15**	**214,332**	–
Investment income recognised in profit or loss	**14**	**(7,594,791)**	–
Net foreign exchange (gain)/loss	**16**	**25,431,183**	–
		6,054,567	(44,329)
Movements in working capital:			
(Increase)/decrease in other assets	**8**	**(459,874,794)**	–
Decrease in trade and other payables	**11**	**24,400,000**	110,700
(Decrease)/increase in other liabilities	**13**	**15,520,728**	10,000
Cash generated from operations		**(419,954,066)**	120,700
Income taxes paid		**(69,324)**	–
Net cash generated by operating activities		**(448,138,747)**	(21,059)
Cash flows from investing activities			
Other dividends received	**14**	**7,594,791**	–
Payments for property, plant and equipment		**(2,672,426,046)**	–
Net cash (used in)/generated by investing activities		**(2,664,831,255)**	–
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	**9**	**652,929,200**	–
Payment for share issue costs		**(606,730)**	–
Payment for buy-back of shares		**–**	98,300
Proceeds from borrowings	**10**	**2,544,050,535**	–
Repayment of borrowings	**10**	**(57,500,000)**	–
Interest paid	**15**	**(214,332)**	–
Net cash used in financing activities		**3,138,658,673**	98,300
Net increase in cash and cash equivalents		**25,688,671**	77,241
Cash and cash equivalents at the beginning of the year		**77,241**	–
Cash and cash equivalents at the end of the year	**6**	**25,765,912**	77,241

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 April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25 April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
As at 1st April, 2015	–
Changes in equity share capital during the year	100,000
Less: Share issue expenses	1,700
As at 31st March, 2016	98,300
Changes in equity share capital during the year	84,796,000
As at 31st March, 2017	84,894,300

B. Other Equity

Rupees

Particulars	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
As at 1st April, 2015	–	–	–
Profit/(Loss) for the period	–	(97,430)	(97,430)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(97,430)	(97,430)
As at 31st March, 2016	–	**(97,430)**	**(97,430)**
Profit/(Loss) for the period	–	(34,169,924)	(34,169,924)
Securities Premium on Issue of share during the year	568,133,200	–	568,133,200
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	568,133,200	(34,267,354)	533,865,846
Equity Share Issuance Costs	(606,730)	–	(606,730)
As at 31st March, 2017	**567,526,470**	**(34,267,354)**	**533,259,116**

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 April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25 April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

Astra Solren Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India on 14th October 2015 and is a subsidiary of Mahindra Renewable Private Limited.

The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 25th April 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March, 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

a) 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 recognized prospectively in current and future periods.

b) 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.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised 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.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

c) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) 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. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e) Operating lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Transactions in foreign currencies are initially 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.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised 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 recognised 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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 (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) 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 and,

p) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

B) Accounting Judgments and Estimates

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, and, under the terms of the lease agreement where the Company's generation assets are located, has the contractual right to distribute power to any person other than the Government beyond the 25 year PPA period. Further, in view of management this PPA does not satisfy the criteria in Appendix C of Ind AS 17 – Determining whether an Arrangement Contains a Lease.

Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Current Tax:		
Deferred Tax:		
Unrecognised tax loss used to reduce deferred tax expense	**(11,996,160)**	(44,329)
Total income tax expense on continuing operations	**(11,996,160)**	(44,329)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Profit before tax from continuing operations	**(46,166,081)**	(141,759)
Income tax expense calculated at 30.90% (2016: 30.90%)#	**(14,265,319)**	(43,803)
Effect of income that is exempt from taxation	**(2,131,220)**	–
Effect of expenses that is non-deductible in determining taxable profit	**4,356,054**	(525)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**44,329**	–
Income tax expense recognised In profit or loss from continuing operations for current year	**(11,996,157)**	(44,329)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**(11,996,157)**	(44,329)

Notes:

(1) The tax rate used for the 31st March, 2017 and 31st March, 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax created for business losses is as below:

Financial year	Taxable Profit/ (Loss)	Deferred tax Assets
2014-15	–	–
2015-16	(143,459)	44,329
2016-17	(38,965,974)	11,996,157
Total	**(39,109,432)**	**12,040,486**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(i) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31st March, 2017 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	–
	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**44,329**	**11,996,160**	**12,040,489**
	44,329	**11,996,160**	**12,040,489**
Net Tax Asset (Liabilities)	**44,329**	**11,996,160**	**12,040,489**

Rupees

Particulars	For the Year ended 31st March, 2016 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
	–	–	–
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	–	44,329	44,329
	–	44,329	44,329
Net Tax Asset (Liabilities)	–	44,329	44,329

Note No. 5 - Other Non current - assets

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Capital advances		
For Capital work in progress	**126,975,800**	–
Total other Non Current assets	**126,975,800**	–

Note No. 6 - Cash and cash equivalent

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents		
(a) Balances with banks	**5,765,912**	77,241
(b) Fixed Deposits with maturity less than 3 months	**20,000,000**	–
Total Cash and cash equivalent	**25,765,912**	77,241

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Total Cash and Cash Equivalents as per Balance Sheet	**25,765,912**	77,241
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**25,765,912**	77,241

Notes:

(1) Cash and cash equivalents include cash in hand and in banks, net of overdraft, if any.

(2) Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes
Closing cash in hand as on November 8, 2016	–	–
(+) Permitted receipts	–	–
(-) Permitted payments	–	–
(-) Amount deposited in Banks	–	–
Closing cash in hand as on December 30, 2016	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 7 - Other financial assets

Particulars	As at 31st March, 2017		As at 31st March, 2016	
				Rupees
Financial assets at amortised cost				
Interest on Fixed Deposit	4,384	–	–	–
Total other financial assets	**4,384**	–	–	–

Note No. 8 - Other current assets

Particulars	As at 31st March, 2017	As at 31st March, 2016
		Rupees
(a) Advances other than capital advances		
(i) Balances with government authorities (other than income taxes)	**90,000**	–
(ii) Other advances	**2,700**	–
(b) Other Assets (Lease Rent Deferred)	**459,777,710**	–
Total other Current assets	**459,870,410**	**–**

Note No. 9 - Equity Share Capital

Particulars	As at 31st March, 2017		As at 31st March, 2016	
				Rupees
	No. of shares	Value of share	No. of shares	Value of share
Authorised:				
Equity shares of Rs. 10 each with voting rights	**9,500,000**	**95000000**	**50,000**	**500,000**
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**8,489,600**	**84,896,000**	**10,000**	**100,000**
Total Equity Share Capital	**8,489,600**	**84,896,000**	**10,000**	**100,000**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31st March, 2017						
No. of Shares	**10,000**	**8,479,600**	**–**	**–**	**–**	**8,489,600**
Amount in Rupees	**100,000**	**84,796,000**	**–**	**–**	**–**	**84,896,000**
Year Ended 31st March, 2016						
No. of Shares	–	10,000	–	–	–	10,000
Amount in Rupees	–	100,000	–	–	–	100,000
	–	100,000	–	–	–	100,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2017			
Mahindra Renewables Private Limited	**8,489,600**	**–**	**–**
As at 31st March, 2016			
Mahindra Renewables Private Limited	10,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March, 2017		As at 31st March, 2016	
	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 Renewables Private Limited (Holding Company)*	**8,489,600**	**100%**	10,000	100%

* Note:

It includes 1 equity share held as nominee by an individual on behalf of the (Holding Company Mahindra Renewable Private Limited jointly held with Mr. Roshan Gandhai 1 Equity Share).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 10 - Non-Current Borrowings

Particulars		Rate of Interest %	Maturity Period	As at 31st March, 2017 Amount	Rupees As at 31st March, 2016 Amount
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Bonds/Debentures		–	–	**–**	–
(b) Term Loans & Buyers Credit					
From Banks	IDFC Bank	9%	To be repaid on 31/3/2035	**835,951,952**	–
	SBI, Antwerp	7.67%	To be repaid on 20/09/2019	**30,274,069**	–
	SBI, Antwerp	7.66%	To be repaid on 27/09/2019	**166,900,449**	–
	Canara Bank	7.43%	To be repaid on 8/10/2019	**24,534,717**	–
	Canara Bank	7.43%	To be repaid on 10/10/2019	**103,846,223**	–
	Canara Bank	7.32%	To be repaid on 17/10/2019	**250,788,648**	–
	Canara Bank	7.36%	To be repaid on 24/10/2019	**393,928,850**	–
	Canara Bank	7.36%	To be repaid on 31/10/2019	**69,766,951**	–
	Canara Bank	7.32%	To be repaid on 12/09/2019	**344,546,535**	–
	Canara Bank	7.35%	To be repaid on 12/09/2019	**32,036,318**	–
(c) Loans from related party		11.50%	–	**180,000,000**	–
Total Non Current Borrowings				**2,432,574,712**	**–**

Notes:

(1) The Company has borrowed funds for project financing from banks. It has availed Buyers' Credit of USD 219,93,739 for three years at at 6MLIBOR + margin p.a. Buyers' Credit is repayable in December 2019. The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate. As per the sanctioning terms from the Bank, at the end of three years the Company has a right to repay the Buyers' Credit by borrowing from the limits for long term debt.The company has taken a term loan of INR 85,00,00,000 from the Bank for a period of 18 years at Bank base rate + spread, the amount is repayable in 67 instalments starting from september 2018. The amount which is payable in period under normal operating cycle of the company is treated as current. The borrowings are secured against the assets of the Company.

(2) The Company has taken an subordinated debts from Maindra Renewable private Limited of INR 18,00,00,00000 in March 2017 at 11.50 % fixed. This loan is subordinated to other loans taken from the bank.

(i) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Amortised cost as at 31st March, 2017	Amortised cost as at 31st March, 2016
Secured					
Term loans from banks:					
IDFC Bank	INR	9.00%	9.00%	**835,951,952**	–
SBI, Antwerp	USD	7.72%	7.67%	**30,274,069**	–
SBI, Antwerp	USD	7.71%	7.66%	**166,900,449**	–
Canara Bank	USD	7.51%	7.43%	**24,534,717**	–
Canara Bank	USD	7.47%	7.43%	**103,846,223**	–
Canara Bank	USD	7.37%	7.32%	**250,788,648**	–
Canara Bank	USD	7.41%	7.36%	**393,928,850**	–
Canara Bank	USD	7.41%	7.36%	**69,766,951**	–
Canara Bank	USD	7.37%	7.32%	**344,546,535**	–
Canara Bank	USD	7.48%	7.35%	**32,036,318**	–
Loans and advances from related parties:					
Mahindra Renewable private Ltd.	INR	11.50%	11.50%	**180,000,000**	–
Total Non Current Borrowings				**2,432,574,712**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 11 - Trade Payables

Rupees

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Current	Non-Current	Current	Non-Current
Trade payable - Other than micro ans small enterprises	**24,510,700**	**–**	110,700	–
Total Trade Payables	**24,510,700**	**–**	110,700	**–**

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 12 - Other Financial Liabilities

Rupees

Particulars	As at 31st March, 2017	As at 31st March, 2016
Other Financial Liabilities Measured at Amortised Cost		
Current	**–**	–
(a) Interest accrued	**3,256,037**	–
(b) Other liabilities		
(1) Creditors for capital supplies/services	**1,257,554,920**	–
Other Financial Liabilities Measured at Fair value	**–**	–
Derivatives not designated as a hedging instruments	43,137,062	–
Total Other Financial Liabilities	**1,303,948,019**	**–**

Note No. 13 - Other Current Liabilities

Rupees

Particulars	As at 31st March, 2017 Current	As at 31st March, 2016 Current
Statutory dues		
– taxes payable (other than income taxes)	**15,530,728**	10,000
Total other Current Liabilities	**15,530,728**	10,000

Note No. 14 - Other Income

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(a) Interest Income	**697,637.36**	–
(b) Dividend Income	**6,897,154**	–
Total Other Income	**7,594,791**	–

Note No. 15 - Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Interest expense	**214,332**	–
Total Finance cost	**214,332**	–

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
Interest Expenses		
On Inter corporate deposit	**214,332**	–

Note No. 16 - Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous period ended 31st March, 2016
(a) Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	**25,431,183**	–
(b) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - Statutory audit fees	**125,000**	28,625
(ii) For Taxation matters	**–**	–
(iii) For Company Law matters	**–**	–
(iv) For Other services	**20,000**	–
(v) For reimbursement of expenses	**–**	–
(c) Other expenses		
(i) Legal and other professional costs	**26,466,553**	111,003
(ii) Printing & Stationary	**10,691**	–
(iii) Miscellaneous expenses	**1,493,113**	2,131
Total Other Expenses	**53,546,540**	141,759

Note No. 17 - Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2017 Per Share	For the previous period ended 31st March, 2016 Per Share
Basic Earnings per share		
From continuing operations	**(7.54)**	(20.98)
From discontinuing operations	**–**	–
Total basic earnings per share	**(7.54)**	**(20.98)**
Diluted Earnings per share		
From continuing operations	**(7.54)**	(20.98)
From discontinuing operations	**–**	–
Total diluted earnings per share	**(7.54)**	(20.98)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

		Rupees
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(Loss)/Profit for the year attributable to owners of the Company	**(34,169,924)**	(97,430)
Less: Preference dividend and tax thereon	**–**	–
(Loss)/Profit for the year used in the calculation of basic earnings per share	**(34,169,924)**	(97,430)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(34,169,924)**	(97,430)
Weighted average number of equity shares	**4,530,439.45**	4,645
Earnings per share from continuing operations - Basic	**(7.54)**	(20.98)

Note No. 18 - Financial Instruments

Capital 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 31st March, 2017 and 31st March, 2017 2016 is as follows:

	31-Mar-17	31-Mar-16
Debt (A) in Rupees	**2,432,574,712**	–
Equity (B) in Rupees	**618,153,416**	870
Debt Ratio (A/B)	**3.94**	–

Categories of financial assets and financial liabilities

As at 31st March, 2017

				Rupees
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Financial Assets.....				
– Non Derivative Financial Assets	**4,384**	**–**	**–**	**4,384**
Non-current Liabilities				
Borrowings	**2,432,574,712**	**–**	**–**	**2,432,574,712**
Current Liabilities				
Trade Payables	**24,510,700**	**–**	**–**	**24,510,700**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**1,260,810,957**	**–**	**–**	**1,260,810,957**
– Derivative Financial Liabilities	**43,137,062**	**–**	**–**	**43,137,062**

As at 31st March, 2016

				Rupees
	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	110,700	–	–	110,700

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	Rupees 5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing.....	**24,510,700**	–	–	–
Finance Lease.....	–	–	–	–
Variable interest rate instruments.....	–	**99,815,158**	**99,815,158**	**636,321,635**
Fixed interest rate instruments.....	–	**1,596,622,760**	–	–
Financial guarantee contracts	–	–	–	–
Total.....	**24,510,700**	**1,696,437,918**	**99,815,158**	**636,321,635**
31-Mar-16				
Non-interest bearing.....	110,700	–	–	–
Total.....	110,700	–	–	–

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company onsiders that it is more likely than not that such an amount will not be payable under the arrangement.

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	Rupees 5 years and above
	INR	INR	INR	INR
Derivative financial instruments				
31-Mar-17				
– currency swaps.....	–	43,137,062	–	–
Total	**–**	**43,137,062**	**–**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31-Mar-17	31-Mar-16	Rupees 1-Apr-15
	INR	INR	INR
Term Loan Facility			
– Expiring beyond one year.....	1,477,425,288	–	–
	1,477,425,288	**–**	**–**

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	Rupees 5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	4,384	–	–	–
Total	**4,384**	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Secured Bank Loans....	USD	1,596,622,760	–	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest, excluding borrowings that relate to discontinued operations. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31st March, 2017, after taking into account the effect of interest rate swaps, approximately 60% of the Company's borrowings are at a fixed rate of interest (31st March, 2016: Nil, 1st April, 2015: Nil).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	INR	+50	**(4,179,760)**
	INR	–50	**4,179,760**

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 19 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at 31-Mar-17	31-Mar-16	1-Apr-15	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial liabilities							
Other Financial Liabilities							
1) Foreign currency swap contracts	**1,421,370,665**	–	–	**Level 2**	–	–	–
Total financial liabilities	**1,421,370,665**	–	–	–	–	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-Mar-17 Carrying amount	31-Mar-17 Fair value	31-Mar-16 Carrying amount	31-Mar-16 Fair value	1-Apr-15 Carrying amount	1-Apr-15 Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– Others	**4,384**	**4,384**	–	–	–	–
Total	**4,384**	**4,384**	–	–	–	–
Financial liabilities						
Financial liabilities held at amortised cost						
– bank loans	**835,951,952**	**835,951,952**	–	–	–	–
– loans from related parties	**180,000,000**	**180,000,000**	–	–	–	–
– trade and other payables	**24,510,700**	**24,510,700**	–	–	–	–
Total	**1,040,462,652**	**1,040,462,652**	–	–	–	–

Fair value hierarchy as at 31st March, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Others	–	–	4,384	**4,384**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– convertible notes	–	–	–	**–**
– bank loans	–	–	835,951,952	**835,951,952**
– loans from related parties	–	–	180,000,000	**180,000,000**
– trade and other payables	–	–	24,510,700	**24,510,700**
Total	–	–	1,040,462,652	**1,040,462,652**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

Fair value hierarchy as at 31st March 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	110,700	**110,700**

Note No. 20 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Parent Company	Intermediate Holding Company
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	31-Mar-17	–	–	3,674,017,287
	31-Mar-16	–	–	–
Receiving of services	31-Mar-17	143,749	–	26,000,000
	31-Mar-16	85,875	–	–
Deposit Taken	31-Mar-17	–	200,000	–
	31-Mar-16	–		–
Deposit Repaid	31-Mar-17	–	200,000	–
	31-Mar-16	–	–	–
Interest paid on ICD	31-Mar-17	–	18,204	196,038
	31-Mar-16	–		–
Interest paid on Sub oridinated Debts	31-Mar-17	–	793,972	–
	31-Mar-16	–	–	–
Loans taken	31-Mar-17	–	180,000,000	–
	31-Mar-16	–		–
Equity contribution to the Company	31-Mar-17	–	652,930,000	–
	31-Mar-16	–	100,000	–
Inter Corporate Deposit Taken	31-Mar-17	–	7,500,000	50,000,000
	31-Mar-16	–	–	–
Inter Corporate Deposit Repay	31-Mar-17	–	7,500,000	50,000,000
	31-Mar-16	–	–	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company	Entities having joint control/ significant influence over Company
Trade payables	31-Mar-17	209,625.00	714,575.00	1,255,308,588
	31-Mar-16	78,375.00	–	–
Loans & advances taken	31-Mar-17	–	180,714,575.00	–
	31-Mar-16	–	–	–

Note No. 21 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31st March, 2016:

Particulars	Notes	Rupees As at 31st March, 2016
Equity as reported under previous GAAP		(43,459)
Ind AS: Adjustments increase (decrease):		
Deferred income tax		44,329
Equity as reported under IND AS	SOCE	870

Analysis of cash and cash equivalents as at 31st March, 2016 for the purpose of Statement of Cash flows under Ind AS

PARTICULARS	Notes	As at 31st March, 2016
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		25,765,912
Bank Overdrafts which forms integral part of cash management system		–
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP		–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP		–
Other adjustments (specify)		–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	**6**	25,765,912

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 April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Arvind Garg
Company Secretary

Place: Mumbai
Date: 25 April, 2017

DIRECTORS' REPORT

Your Directors present their Fourth Report together with the Audited Standalone Financial Statements of your Company for the Financial Year ended March 31, 2017.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rupees in Lakhs)

Particulars	**For the year ended 31st March, 2017 #**	For the year ended 31st March, 2016 #
Income		
Revenue from Operations (Gross)	**1,203.48**	274.73
Less: Excise Duty	**–**	–
Revenue from Operations (Net)	**1,203.48**	274.73
Other Income	**18.19**	55.56
Total Income	**1,221.67**	330.29
Expenses		
Cost of Raw Material and components consumed	**–**	–
(Increase)/Decrease in inventories	**–**	–
Employee Benefit Expenses	**–**	–
Other Expenses	**191.46**	15.98
Depreciation and Amortization Expenses	**458.27**	107.52
Finance Costs	**538.98**	282.33
Total Expenses	**1,188.71**	405.83
Profit/(Loss) before Tax	**32.96**	(75.54)
Provision for Tax	**10.19**	(35.85)
Profit/(Loss) for the year from continuing operations	**22.78**	(39.69)
Balance of Profit from earlier years	**(46.13)**	(6.44)
Balance carried Forward	**(23.36)**	(46.13)
Amount carried forward to reserves	**(23.36)**	(46.13)
Net worth	**1,998.03**	1,975.25

 # The aforesaid financial highlights are based on the Company's first Indian Accounting Standards ('Ind AS') Audited Standalone Financial Statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards as notified under Section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

No material changes and commitments has 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 OF THE COMPANY

During the year, the Company has successfully operated the 10 Mega Watts (MW) Alternate Current (AC) solar power plant at Anantapur District in the state of Andhra Pradesh. The Company has earned Rs. 1,203.48 lakhs from the sale of power during the year. The foreign exchange exposure has been fully hedged to protect against adverse currency movements by way of full currency swap.

The Company's income for the year was Rs. 1,221.67 lakhs as compared to Rs. 330.29 lakhs in the previous year. Profit after tax for the year was Rs. 22.78 lakhs as compared to Loss after tax of Rs. 39.69 lakhs in the previous year.

The Company has no subsidiaries, associates or joint ventures.

OUTLOOK FOR THE CURRENT YEAR

The Company will continue to focus on operating the 10 MW AC solar power plant at Anantapur District in the state of Andhra Pradesh. The Company will also continue to evaluate opportunities to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

DIVIDEND

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

HOLDING COMPANY

Your Company continues to remain a subsidiary of Mahindra Renewables Private Limited.

APPOINTMENT OF REGISTRAR & SHARE TRANSFER AGENT

Pursuant to the order of Securities and Exchange Board of India (SEBI) against Sharepro Services (India) Private Limited, erstwhile Registrar & Share Transfer Agents of the Company, restraining it from buying, selling or dealing in the securities market, the Board of Directors of your Company at their Meeting held on April 28, 2016 have approved the appointment of M/s. Karvy Computershare Private Limited, as the Registrar & Share Transfer Agents of the Company.

ALTERATION OF ARTICLES OF ASSOCIATION

The Articles of Association of your Company was altered in order to include clause(s) to appoint lenders' Nominee Director, in case of default and deemed Share Transfer clause as per the standard requisition from the lending Bank.

SHARE CAPITAL

The Authorized Share Capital of your Company as on March 31, 2017 stood at Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore) equity shares of the face value of Rs. 10/- (Rupees Ten only) each.

The issued, subscribed and paid-up share capital of your Company as on March 31, 2017 stood at Rs. 9,52,40,000/- (Rupees Nine Crores Fifty Two Lakhs Forty Thousand Only) divided into 95,24,000 (Ninety Five Lakhs Twenty Four Thousand) equity shares of the face value of Rs. 10/- each.

BOARD OF DIRECTORS

Composition and number of meetings attended:

The Composition and the attendance at the meetings of the Board were as under:-

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive Director	Independent/ Non-Independent Director	No. of meetings attended
1	Basant Jain	00220395	Non – Executive Director	Non – Independent Director	4
2	Biswajit Dutta	07124934	Non – Executive Director		4
3	Rajesh Sehgal	06805663	Non – Executive Director		4
4	Sriram Ramachandran	07319032	Non – Executive Director		1
5	Bharat Upadhyay	02189485	Non – Executive Director	Independent Director	2 (appointed w.e.f August 22, 2016)
6	Mukkul Agarrwal	02582577	Non – Executive Director		1 (appointed w.e.f August 22, 2016)

Mr. Bharat Upadhyay (DIN: 02189485) and Mr. Mukkul Agarrwal (DIN: 02582577) were appointed as Additional (Independent Directors) at the Board meeting held on August 22, 2016.

The Company had received the notice along with requisite deposit from a Member under Section 160 of the Companies Act, 2013, signifying its intention to propose Mr. Bharat Upadhyay and Mr. Mukkul Agarrwal as candidates for the office of Director of the Company.

At the Extra-ordinary General Meeting of your Company held on August 23, 2016, the appointments of Mr. Bharat Upadhyay and Mr. Mukkul Agarrwal as Independent Directors were approved by the members.

At the Annual General Meeting ("AGM") of your Company held on September 30, 2016, the appointments of Mr. Sriram Ramachandran (DIN: 07319032), Mr. Rajesh Sehgal (DIN: 06805663) and Mr. Biswajit Dutta (DIN: 07124934) as Directors were approved by the members.

Mr. Sriram Ramachandran (DIN: 07319032) is liable to retire by rotation and being eligible for re-appointment at the forthcoming AGM of your Company, has offered himself for re-appointment.

During the year under review, the Board of Directors met four times i.e. on April 28, 2016, August 22, 2016, December 02, 2016 and February 10, 2017.

The Company has received declarations from Mr. Bharat Upadhyay and Mr. Mukkul Agarrwal, 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.

All the Directors of your Company including the Independent Directors 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.

During the year under review, the 3rd (third) AGM of your Company was held on September 30, 2016. There were two Extra-ordinary General Meetings of your Company i.e. on August 23, 2016 and December 03, 2016.

COMMITTEES OF THE BOARD AND NUMBER OF COMMITTEE MEETINGS

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

i) Nomination and Remuneration Committee ("NRC"):

The Nomination and Remuneration Committee of the Board of Directors was constituted with effect from December 02, 2016 and the same was re-constituted on February 10, 2017.

The NRC members met once during the year under review, i.e. on February 10, 2017.

The Composition of the re-constituted NRC Committee as on March 31, 2017 and the attendance at the meeting of the NRC was as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Mr. Bharat Upadhyay	Chairperson & Member	1
2	Mr. Mukkul Agarrwal	Member	0
3	Mr. Rajesh Sehgal	Member (appointed as a member of NRC on February 10, 2017)	0
4.	Mr. Basant Jain	Ceased to be a Member of NRC on February 10, 2017)	1

ii) Audit Committee ("AC"):

The AC members of the Board of Directors met once during the year under review, i.e. on February 10, 2017.

The Composition and the attendance at the meeting of the AC was as under:

Sr. No.	Name of Directors	Designation	No. of meetings attended
1	Mr. Mukkul Agarrwal	Chairperson & Member	0
2	Mr. Bharat Upadhyay	Member	1
3	Mr. Basant Jain	Member	1

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on December 02, 2016 without the presence of the other 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 and 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.

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 appointments/ changes in Key Managerial Personnel took place:-

Ms. Pinky Dutta (ACS 40096), Company Secretary resigned with effect from July 15, 2016. Ms. Payal Gajiwala (ACS 45572) was appointed in her place with effect from August 26, 2016.

The provisions relating to appointment of other KMPs as required under section 203 of the Companies Act, 2013 are not applicable to the Company as the Company's paid up capital is below the thresh hold limit specified therein.

EVALUATION OF PERFORMANCE OF DIRECTORS

The Nomination and Remuneration Committee ("NRC"), has adopted a process for evaluation of every directors performance. Further, as per Schedule IV, the performance of Independent Directors was done by the entire Board, excluding the Director being evaluated. Questionnaires for aforesaid evaluation(s) were circulated to the concerned Directors, whose responses were submitted to the Chairperson of the NRC for facilitating the evaluation.

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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 the end of the financial year and of the profit of the Company for that period;
- The Directors 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;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have ensured that there exist adequate internal financial controls with reference to financial statements; 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.

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 attached herewith as **Annexure I** and the same forms part of this report.

RISK MANAGEMENT POLICY

Your Board 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 and steps to be taken to mitigate the same.

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.

VIGIL MECHANISM

In accordance with Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 your Company has implemented the Vigil Mechanism through the Company's Whistleblower Policy 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 in appropriate or exceptional cases.

STATUTORY AUDITORS

At the First Annual General Meeting ("AGM") held on August 19, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company for a period of five years. They hold office from the conclusion of the First AGM up to the conclusion of Sixth AGM to be held in the year 2019.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify the re-appointment of Statutory Auditors for the Financial Year 2017-18 and fix their remuneration at the ensuing fourth AGM of the Company.

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 re-appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your Directors confirm that the Auditors Report for Financial Year 2016-17 does not contain any qualifications, reservations or adverse remarks.

Provisions relating to Secretarial Audit, Internal Audit & Cost Audit were not applicable to your Company during Financial Year 2016-17.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the Statutory Auditor has not reported any instances of frauds committed in the Company by its officers or employees to the Board/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 the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 as attached herewith as **Annexure II** and the same forms 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AND DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

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

Your company has not made any loans, investments and guarantees 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 availed 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 Requirement) Regulations, 2015 and Schedule V thereto applicable to the ultimate holding company, Mahindra and Mahindra Limited.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties of the Company, referred to under Section 188(1) of the Companies Act, 2013 are given 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 March 31, 2017 in form MGT-9 is attached herewith as **Annexure IV** and the same 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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) constituted shall redress complaints received, if any, regarding sexual harassment. During the year under review, there were no employees and no complaints were received under the said Act.

PROVISIONS NOT APPLICABLE

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 and annual evaluation under section 134(3)(p), are not applicable to your Company.

GENERAL DISCLOSURES

Your Directors make the following disclosures with respect to transactions/events during the year under review:

1. There was no issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have a Managing Director/Whole Time Director.
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 (as there is no scheme pursuant to which such persons can beneficially own 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 shareholders, Companys' bankers, customers, vendors, other stakeholders, business associates and various agencies or statutory authorities of the Central and State Government for their cooperation and support to the Company during the year under review.

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain	**Rajesh Sehgal**
Director	**Director**

Place : Mumbai
Date : 24th April, 2017.

ANNEXURE I TO THE DIRECTORS' REPORT

A. 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 Brightsolar Renewable Energy Private Limited

"Employee" means present or future 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.

"Susten HR" means the Human Resource department of Mahindra Susten Private Ltd ("MSPL"), Holding Company of the Company.

Presently the Company has 'NIL' employees. Until such time, Company hires employees/ appoints its own HR, HR Policies, manuals etc. of MSPL will be applicable to the Company unless specified otherwise in this Policy.

"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/her 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 sprit by the Independent Directors

Based on recommendation of the NRC on the appointment and remuneration terms of Directors, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman / MD / CEO / any Executive Director/ Any Director in charge of operations/ HR / Susten HR 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.

KEY MANAGERIAL PERSONS (KMPs):

Appointments of KMPs shall be recommended by the NRC and approved by the Board.

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.

Senior Management personnel (other than KMPs) will be appointed or promoted and removed/relieved with the authority of MD / CEO / any Executive Director/ Any Director in charge of operations/ HR / Susten HR based on the business need and the suitability of the candidate. The details of the appointments made one level below the Key Managerial Personnel shall be reported to the Board periodically.

II. SUCCESSION PLANNING:

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 within the time frame as specified by law.

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.

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

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

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

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

Overall Intent of Compensation Policy:

At Brightsolar Renewable Energy Private Limited (Brightsolar), we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture

Objectives of the Compensation Policy:

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy:

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.
- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements
- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Employees and Key Management Personnel:

The company/ Susten HR has a comprehensive HR policy manual which covers remuneration, employee benefits, special employee benefits, reimbursements, administrative policies etc.

Policy for Non-Executive Directors including Independent Directors:

The Nomination and Remuneration Committee 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 Committee 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 Companies Act 2013 and such other factors as the committee may consider deem fit for determining the compensation. The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

An Independent Director shall not be entitled to any Stock Options and may receive Sitting fees for attending meetings of Board/ Committees, re-imbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

Executive Directors:

The remuneration to Managing Director/Executive Director(s) shall be recommended by NRC to the Board. The 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 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. Any change in terms / remuneration of Directors shall be recommended by NRC and approved by the Board and subject to further compliance of applicable statutory provisions.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) shall be determined either by any Director or HR/ Susten HR or such other person as may be authorised by the Board. The terms of remuneration of the Company Secretary shall be determined either by any Director or CEO or CFO or HR/ Susten HR or such other person as may be authorised by the Board.

The remuneration shall be consistent with competitive position of salary for similar position in industry and their qualifications, experience, roles 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.

Senior Management Personnel

The terms of remuneration of the Senior Management Personnel (Other than KMPs) shall be determined either by any Director or CEO or CFO or HR/Susten HR 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.

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.

Other Employees

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

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

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

(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: NIL

(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: NIL

B. TECHNOLOGY ABSORPTION Research & Development (R & D)

1. Areas in which Research & Development is carried out: NIL
2. Benefits derived as a result of the above efforts: NA
3. Future plan of action: NIL
4. Expenditure on R&D: NIL
5. Technology absorption, adaptation and innovation: NA
6. Imported Technology for the last 5 years: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- Foreign Exchange earnings – NIL
- Foreign Exchange outgo – NIL

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain	**Rajesh Sehgal**
Director	**Director**

Place : Mumbai
Date : 24th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

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.

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

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: 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	Date(s) of approval by the Board	Amount paid as advances, if any:
–	–	–	–	–	–	–

Note:

1. **Material Contracts**: covered under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014

   Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

2. All these transactions are at arm's length and are in 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.

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain
Director

Rajesh Sehgal
Director

Place : Mumbai
Date : 24th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9
Extract of Annual Return
As on the financial year ended on 31st March, 2017
[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	U40108MH2013PTC250683
2.	Registration Date	December 03, 2013
3.	Name of the Company	Brightsolar Renewable Energy Private Limited
4.	Category/Sub-Category of the Company	Public Company Limited by shares/Indian Non-Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905836
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda City: Hyderabad Pin: 500 032 Std code: 040 Tel.: 67162222 Fax : 23001153 Email id : venu.sp@karvy.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 Product/ Services	NIC Code of the Product	% to total turnover of the Company
1	Electric power generation using solar energy	35105	98.51%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	L65990MH1945PLC004558	Ultimate Holding Company	51*	2(46)
2.	Mahindra Holdings Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U65993MH2007PLC175649	Intermediate Holding Company	51*	2(46)
3.	Mahindra Susten Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U74990MH2010PTC207854	Intermediate Holding Company	51*	2(46)
4.	Mahindra Renewables Private Limited **Address** : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U40300MH2010PTC205946	Holding Company	51	2(46)

* Holding through its Subsidiary 'Mahindra Renewables Private 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 (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters	–	–	–	–	–	–	–	–	–
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	48,57,240	48,57,240	51	48,57,240	–	48,57,240	51	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A(1)	–	**48,57,240**	**48,57,240**	**51**	**48,57,240**	–	**48,57,240**	**51**	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	46,66,760	46,66,760	49	46,66,760	–	46,66,760	49	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A(2)	–	–	–	–	–	–	–	–	–
Total Share Holder of Promoters (1+2)	–	**95,24,000**	**95,24,000**	**100**	**95,24,000**	–	**95,24,000**	**100**	–
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corporate	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ` 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1.4.2016)				No. of Shares held at the end of the year (As on 31.3.2017)				% 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 ` 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**95,24,000**	–	**95,24,000**	**100**	**95,24,000**	–	**95,24,000**	**100**	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1.4.2016)			Shareholding at the end of the year (As on 31.03.2017)			% 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 Renewables Private Limited	48,57,240	51%	–	48,57,240	51%	15.3%	–
2	Trina Solar (Singapore) Third Pte. Limited	46,66,760	49%	–	46,66,760	49%	14.7%	–
	TOTAL	**95,24,000**	**100%**	–	**95,24,000**	**100%**	**30%**	–

iii. Change in Promoters' Shareholding: There is no change in promoter shareholding during the year under review.

Particular Promoter 1 Mahindra Renewables Private Limited and Trina Solar (Singapore) Third Pte. Limited	Shareholding at the beginning of the year (As on 1.4.2016)		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	95,24,000	100	95,24,000	100
At the end of the year (As on 31.3.2017)	–	–	95,24,000	100

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year (As on 1.4.2016)		Shareholding at the end of the year (As on 31.03.2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v. Shareholding of Directors and Key Managerial Personnel: NIL

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Rupees in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016	–	–	–	–
1) Principal Amount	5,960.68	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	91.10	–	–	–
Total of (1+2+3)	6,051.78	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	91.15	–	–
– Reduction		–	–	–
Due to MTM as per IND AS	(173.57)	–	–	–
Net change	**173.57**	**91.15**	**–**	**–**
Indebtedness at the end of the financial year 31.03.2017				
1) Principal Amount	5,851.74	91.15	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	26.47	2.06	–	–
Total of (1+2+3)	**5,878.21**	**93.22**	**–**	**–**

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	Name of the MD/ WTD/Manager	Total Amount
1	Gross salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 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	–	–

Sl. No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
4	Commission	–	–
	as % of profit	–	–
	others (specify)	–	–
5	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration of other Directors:

I. Independent Directors :

Particulars of Remuneration	**Name of Directors**		**Total Amount**
	Mr. Mukkul Agarrwal	**Mr. Bharat Upadhyay**	
Fee for attending Board/Committee meetings*	20,000	60,000	80,000
Commission	–	–	–
Others	–	–	–
* Overall Ceiling for sitting fees, being Rupees One Lakh only per meeting as per Companies Act, 2013			
Total	**20,000**	**60,000**	**80,000**

II. Other Non-Executive Directors: NIL

Particulars of Remuneration	**Name of the Directors**	**Total Amount**
Fee for attending board committee meetings	–	–
Commission	–	–
Others, please specify.	–	–
Total	–	–
Overall Cieling as per the Act.	–	–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sr. No.	**Particulars of Remuneration**	**Chief Executive Officer**	**Chief Financial Officer**	**Company Secretary**
1.	Gross Salary	NA	NA	–
	(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			–
	Professional Fees			21,000
	Total (C)			**2,1000**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act) - 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)
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board
Brightsolar Renewable Energy Private Limited

Basant Jain
Director

Rajesh Sehgal
Director

Place : Mumbai
Date : 24th April, 2017.

INDEPENDENT AUDITORS' REPORT

To the Members of Brightsolar Renewable Energy Private Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Brightsolar Renewable Energy Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, and the statements of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the financial position of the company as at March 31, 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended on that date.

Other matter

9. The comparative standalone financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standard) Rules, 2006, as amended, audited by us and on which we expressed an unmodified opinion in our report dated April 28, 2016, as adjusted for the differences on account of conversion to Ind AS and which have also been audited by us.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 as at March 31, 2017 which would have an impact on its financial position.

    ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term and derivative contracts.

    iii. There are no amounts requirsed to be transferred to the Investor Education and Protection Fund by the Company.

    iv. According to the information and explanations given to us and as indicated in Note 7a to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 24, 2017

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone Ind AS financial statements of Brightsolar Renewable Energy Private Limited for the year ended March 31, 2017

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (ii) The Company has physically verified its fixed assets during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noted on such verification were not material and have been adjusted in the books of account.
   (iii) The title deeds of the immovable property of the Company are in the name of the Company.
2. According to the information and explanations given to us and to the best of our knowledge and belief, the Company did not have any inventory during the year and accordingly, the provisions of para 3(ii) of the Order are not applicable to the Company.
3. The Company has not granted any loans to any parties listed in the register maintained under Section 189 of the Act and accordingly the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
4. The Company has not granted any loans to the parties covered under Section 185 of the Act. 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 investments made, and guarantees and security provided by it.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 the Act, and the rules framed thereunder and hence the provisions of para 3(v) of the Order are not applicable to the Company.
6. In our opinion, and according to the information and explanations given to us, 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 information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2017 for a period of more than 6 months from the date they became payable.
   (ii) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
8. The Company has not defaulted in repayment of loans taken from banks. According to the information and explanations given to us, the Company has not taken any loans or borrowings from a financial institution or from the Government and it has not issued any debentures.
9. The money raised by the Company by way of loans during the year has been utilised for the purposes for which it was taken. The Company has not raised any money by way of initial public offer or any further public offer (including debt instruments).
10. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither noticed any instance of material fraud by the Company or by the officers or employees on the Company nor has any such instance been reported.
11. According to the information and explanations given to us the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12. According to the information and explanations given to us the Company is not a nidhi company and hence the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence the provisions of para 3(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and accordingly, the provisions of para 3(xv) of the Order are not applicable.
16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence the provisions of para 3(xiv) of the Order are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 24, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BRIGHTSOLAR RENEWABLE ENERGY 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 'Brightsolar Renewable Energy Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone hid AS 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, 2017, 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: April 24, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Rupees

		Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
I	**ASSETS**				
	NON-CURRENT ASSETS				
	(a) Property, Plant and Equipment	4	**767,467,122**	811,777,200	–
	(b) Capital Work-in-Progress		**–**	–	755,777
	(c) Deferred Tax Assets (Net)	12	**2,668,288**	3,686,873	101,714
	SUB-TOTAL		**770,135,410**	815,464,072	857,491
	CURRENT ASSETS				
	(a) Financial Assets				
	(i) Investments	5	**–**	–	59,904,881
	(ii) Trade Receivables	6	**21,857,841**	22,289,988	–
	(iii) Cash and Cash Equivalents	7	**18,111,925**	4,281,573	33,008
	(iv) Other Bank Balances	7 (a)	**14,857,774**	31,006,521	–
	(v) Other Financial Assets	8	**11,007,203**	5,183,000	–
	(b) Current Tax Assets (Net)		**677,147**	97,265	409,230
	(c) Other Current Assets	9	**1,220,365**	704,250	–
	SUB-TOTAL		**67,732,255**	63,562,597	60,347,120
	TOTAL ASSETS		**837,867,665**	879,026,669	61,204,611
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a) Equity Share Capital	SOCE, 10	**95,178,500**	95,178,500	61,538,500
	(b) Other Equity	SOCE	**104,624,670**	102,346,866	(644,307)
	SUB-TOTAL		**199,803,170**	197,525,366	60,894,193
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Borrowings	11	**594,289,615**	596,068,314	–
	SUB-TOTAL		**594,289,615**	596,068,314	–
3	**CURRENT LIABILITIES**				
	(a) Financial Liabilities				
	(i) Trade Payables	13	**3,867,918**	309,516	133,160
	(ii) Other Financial Liabilities	14	**39,520,004**	84,960,635	–
	(b) Other Current Liabilities	15	**386,958**	162,838	177,258
	SUB-TOTAL		**43,774,880**	85,432,989	310,418
	TOTAL EUQITY AND LIABILITIES		**837,867,665**	879,026,669	61,204,611

The accompanying notes 1 to 24 are an integral 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 : 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Rajesh Sehgal
Director

Payal Gajiwala
Company Secretary

Place : Mumbai
Date : 24th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
Continuing Operations			
I Revenue from operations	16	**120,347,909**	27,472,988
II Other Income	17	**1,819,472**	5,555,618
III Total Revenue (I + II)		**122,167,381**	33,028,606
IV Expenses			
(a) Finance costs	18	**53,898,082**	28,232,704
(b) Depreciation and amortisation expense	4	**45,826,515**	10,752,328
(c) Other expenses	19	**19,146,395**	1,597,760
Total Expenses		**118,870,992**	40,582,791
V Profit/(loss) before exceptional items and tax (III - IV)		**3,296,389**	(7,554,186)
Less : Exceptional Items		**–**	–
Profit/(loss) After exceptional items		**3,296,389**	(7,554,186)
VI Share of profit/(loss) of joint ventures and associates			
Share of profit/(loss) of joint ventures and associated		**–**	–
VII Profit/(loss) before tax (V - VI)		**3,296,389**	(7,554,186)
VIII Tax Expense			
(1) Current tax		**–**	–
(2) Deferred tax	12	**(1,018,584)**	(3,585,158)
Total tax expense		**(1,018,584)**	3,585,158
IX Profit/(loss) after tax from continuing operations (VII - VIII)		**2,277,804**	(3,969,027)
X Discontinued Operations			
(1) Profit/(loss) from discontinued operations		**–**	–
(2) Tax Expense of discontinued operations		**–**	–
XI Profit/(loss) after tax from discontinued operations		**–**	–
XII Profit/(loss) for the year (IX + XI)		**2,277,804**	(3,969,027)
XIII Profit/(Loss) from continuing operations for the year attributable to:			
Owners of the Company		**2,277,804**	(3,969,027)
Non controlling interests		**–**	–
XIV Other comprehensive income			
A (i) Items that will not be recycled to profit or loss		**–**	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
B (i) Items that may be reclassified to profit or loss			–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XV Total comprehensive income for the year		**2,277,804**	(3,969,027)
XVI Total comprehensive income for the year attributable to:			
Owners of the Company		**2,277,804**	(3,969,027)
Non controlling interests		**–**	–
XVII Earnings per equity share (for continuing operation):			
(1) Basic	20	**0.24**	(0.46)
(2) Diluted	20	**0.24**	(0.46)
XVIII Earnings per equity share (for continuing and discontinued operations):			
(1) Basic	20	**0.24**	(0.46)
(2) Diluted	20	**0.24**	(0.46)

The accompanying notes 1 to 24 are an integral 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 : 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Rajesh Sehgal
Director

Payal Gajiwala
Company Secretary

Place : Mumbai
Date : 24th April, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Rupees

Particulars	Note No.	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
Cash flows from operating activities			
Profit after tax for the year	P & L	**2,277,804**	(3,969,027)
Adjustments for:			
Income tax expense recognised in profit or loss	12	**1,018,584**	(3,585,158)
Finance costs recognised in profit or loss	18	**53,898,082**	–
Investment income recognised in profit or loss	17	**(1,819,472)**	–
Depreciation and amortisation of non-current assets	4	**45,826,515**	10,752,328
		101,201,514	7,167,170
Movements in working capital:			
(Increase)/Decrease in trade and other receivables	6	**432,147**	–
(Increase)/decrease in other assets	8, 9	**(6,340,318)**	(58,871,794)
(Decrease)/Increase in trade and other payables	13	**3,558,402**	–
(Decrease)/increase in other liabilities	15	**224,119**	(161,936)
Cash generated from operations		**99,075,864**	(59,033,730)
Income taxes paid		**(579,882)**	(831,516)
Net cash generated by operating activities		**98,495,983**	(56,667,103)
Cash flows from investing activities			
Interest received	17	**1,819,472**	–
Payments for property, plant and equipment	4	**(66,802,757)**	(611,794,124)
Net cash (used in)/generated by investing activities		**(64,983,286)**	(611,794,124)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**–**	107,648,000
Proceeds from Debt Service reserve		**16,148,748**	–
Payment for Debt service reserve		**–**	(31,006,521)
Proceeds from borrowings	11	**35,815,000**	596,068,314
Repayment of borrowings	11	**(19,314,521)**	–
Interest paid	18	**(52,331,571)**	–
Net cash used in financing activities		**(19,682,345)**	672,709,793
Net increase in cash and cash equivalents		**13,830,352**	4,248,565
Cash and cash equivalents at the beginning of the year	7, 7 (a)	**4,281,573**	33,008
Cash and cash equivalents at the end of the year		**18,111,925**	4,281,573

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 : 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Rajesh Sehgal
Director

Payal Gajiwala
Company Secretary

Place : Mumbai
Date : 24th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	Rupees
As at 1 April 2015	61,600,000
Less: Share Issue Expenses	61,500
	61,538,500
Changes in equity share capital during the year	33,640,000
As at 31 March 2016	95,178,500
Changes in equity share capital during the year	–
As at 31 March 2017	**95,178,500**

B. Other Equity

Rupees

Particulars	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
As at 1 April 2015	–	(644,307)	(644,307)
Profit/(Loss) for the period	–	(3,969,027)	(3,969,027)
Securities Premium on Issue of Shares	107,648,000	–	107,648,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	107,648,000	(4,613,334)	103,034,666
Equity Share Issuance Costs	(687,800)	–	(687,800)
As at 31 March 2016	106,960,200	(4,613,334)	102,346,866
Profit/(Loss) for the period	–	2,277,804	2,277,804
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	106,960,200	(2,335,530)	104,624,670
As at 31 March 2017	**106,960,200**	**(2,335,530)**	**104,624,670**

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 : 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Rajesh Sehgal
Director

Payal Gajiwala
Company Secretary

Place : Mumbai
Date : 24th April, 2017

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Nature of Operations

Brightsolar Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a joint venture company between Mahindra Renewable Private Limited and Trina Solar (Singapore) Third Pte Limited. The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 24th April, 2017.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended 31st March, 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies:

Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

The financial statements are prepared in Indian Rupees.

a) 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 recognized prospectively in current and future periods.

b) 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.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised 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.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

c) Current and Non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) 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. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Foreign Exchange Transactions:

Transactions in foreign currencies are initially 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.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

g) Hedge accounting:

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

h) Segment information:

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

i) Investments:

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

j) 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 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 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.

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 liabilities and assets 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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Provisions and Contingent Liabilities:

(i) Provisions:

Provisions are recognised 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 recognised 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 (when the effect of the time value of money is material).

(ii) Contingent liabilities:

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l) Financial Assets and Financial Liabilities:

Financial assets and financial liabilities are recognised when the Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in profit or loss.

(i) Financial assets:

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of 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.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/ agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset 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 that financial asset to another party.

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 is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised 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, 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.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

m) Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

n) 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.

o) First-time adoption – mandatory exceptions, optional exemptions, and overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Description of Assets	Land – Freehold	Plant and Equipment – Freehold	Total
I. Gross Carrying Amount			
Balance as at 1 April 2015	–	–	–
Additions	37,625,477	784,904,051	822,529,528
Balance as at 31 March 2016	37,625,477	784,904,051	822,529,528
II. Accumulated depreciation and impairment			
Balance as at 1 April 2015	–	–	–
Depreciation expense for the year	–	10,752,328	10,752,328
Balance as at 31 March 2016	–	10,752,328	10,752,328
III. Net carrying amount (I–II)	37,625,477	774,151,723	811,777,200

Description of Assets	Land – Freehold	Plant and Equipment – Freehold	Total
I. Gross Carrying Amount			
Balance as at 1 April 2016	37,625,477	784,904,051	822,529,528
Additions	–	1,516,437	1,516,437
Balance as at 31 March 2017	**37,625,477**	**786,420,488**	**824,045,965**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2016	–	10,752,328	10,752,328
Depreciation expense for the year	–	45,826,515	45,826,515
Balance as at 31 March 2017	**–**	**56,578,843**	**56,578,843**
III. Net carrying amount (I–II)	**37,625,477**	**729,841,645**	**767,467,122**

Note:
(1) Freehold land and the plant have been provided as a security against the borrowing.
(2) Depreciation on tangible fixed assets is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Note No. 5 - Investments

Rupees

Particular	As at 31st March 2017 QTY	Amounts* Current	Amounts* Non Current	As at 31st March 2016 QTY	Amounts* Current	Amounts* Non Current	As at 1st April 2015 QTY	Amounts* Current	Amounts* Non Current
Designated as Fair Value Through Profit and Loss									
Investments in Mutual Funds	**–**	**–**	**–**	–	–	–	146,225	59,904,881	–
Total Aggregate Quoted Investments	**–**	**–**	**–**	–	–	–	146,225	59,904,881	–
Of the above, investments designated as FVTPL	**–**	**–**	**–**	–	–	–	146,225	59,904,881	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**–**	**–**	**–**	–	–	–	146,225	59,904,881	–

Note No. 6 - Trade receivables

Rupees

Particulars	As at 31st March 2017 Current	Non Current	As at 31st March 2016 Current	Non Current	As at 1st April 2015 Non Current
Trade receivables					
Unsecured, considered good	**21,857,841**	**–**	22,289,988	–	–
TOTAL	**21,857,841**	**–**	22,289,988	–	–
Of the above, trade receivables from:					
- Related Parties	**–**	**–**	–	–	–
- Southern Power Distribution Company Ltd. – (APSPDCL)	**21,857,841**	**–**	22,289,988	–	–
Total Trade receivables	**21,857,841**	**–**	22,289,988	–	–

Note:
(1) All the trade receivables with carrying amount of Rs. 218,57,841 (31 March 2016: Rs. 2,22,89,988) have been provided as a charge for borrowings of the Company.
(2) Ageing of Sundry debtors.

Name of Customer	Dues less than 30 days	Dues between 30 days to 60 days	Dues between 60 days t0 180 days	Dues more then 180 days
Southern Power Distribution Company Ltd. - (APSPDCL)	11,062,810	10,622,272	172,759	–

Note No. 7 - Cash and Cash Equivalents

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Cash and cash equivalents			
(a) Balances with banks	**5,111,925**	4,281,573	33,008
(b) Fixed Depost with maturity-less then 3 month	13,000,000	–	–
Total Cash and cash equivalent	**18,111,925**	4,281,573	33,008

Note No. 7(a) - other Bank Balance

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other Bank Balances			
(a) Earmarked balances with banks	**14,857,774**	5,006,521	–
(b) Balances with Banks:			–
(i) On Margin Accounts	**–**	–	
(i) Fixed Deposits with maturity greater than 3 months	**–**	26,000,000	–
Total Other Bank balances	**14,857,774**	31,006,521	–

Reconcliation of Cash and Cash Equivalents

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other Bank Balances			
Total Cash and Cash Equivalents as per Balance Sheet	**18,111,925**	4,281,573	33,008
Add: Bank Overdraft	**–**	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–	**–**
Total Cash and Cash Equivalents as per Statement of Cashflow	**18,111,925**	4,281,573	33,008

Notes:
(1) Earmarked balances with banks include Fixed Deposits for Debt Service Reserve.
(2) Cash and cash equivalents include cash in hand and in banks, net of overdraft, if any.
(3) Disclosure for specified Bank notes (SBNs):

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

Note No. 8 - Other financial assets

Rupees

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Financial assets at amortised cost						
a) Interest accured on Fixed Deposit	**31,782**	**–**	–	–	–	–
b) Other financial asset (unbilled revenue)	**10,975,421**	**–**	5,183,000	–	–	–
Total other financials assets	**11,007,203**	**–**	5,183,000	–	–	–

Note No. 9 - Other assets

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non– Current	As at 31st March 2016 Current	As at 31st March 2016 Non– Current
(a) Capital advances	**–**	**–**	–	–
(b) Advances other than capital advances:				
(i) Other advances – (Advance to employees as imprest)	**–**	**–**	5,000	–
(ii) MAT Receivable	**335,518**	**–**	–	–
(c) Other – Prepaid expenses	**884,847**	**–**	699,250	–
Total Other assets	**1,220,365**	**–**	704,250	–

Note: All current assets have been provided as security against the borrowing.

Note No. 10 - Equity Share Capital

Rupees

Particulars	As at 31st March 2017 No. of shares	As at 31st March 2016 No. of shares
Authorised:		
Equity shares of Rs. 10 each with voting rights	**10,000,000**	10,000,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10 each with voting rights	**9,524,000**	9,524,000
Total Equity Share Capital	**19,524,000**	19,524,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights						
Year Ended 31 March 2017						
No. of Shares	9,524,000	–	–	–	–	9,524,000
Amount in Rupees	95,240,000	–	–	–	–	95,240,000
Year Ended 31 March 2016						
No. of Shares	6,160,000	3,364,000	–	–	–	9,524,000
Amount in Rupees	61,600,000	33,640,000	–	–	–	95,240,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares		
	Equity Shares with Voting rights	**Equity Shares with Differential Voting rights**	**Others**
As at 31 March 2017			
Mahindra Renewables Private Limited, the Holding Company	**4,857,240**	**–**	**–**
Trina Solar (Singapore) Third Pte. Limited, the Holding Company	**4,666,760**	**–**	**–**
As at 31 March 2016			
Mahindra Renewables Private Limited, the Holding Company	4,857,240	–	–
Trina Solar (Singapore) Third Pte. Limited, the Holding Company	4,666,760	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31st March, 2017**		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares held	**% holding in that class of shares**	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 Renewables Private Limited	**4,857,240**	**51%**	4,857,240	51%	6160000	100%
Trina Solar (Singapore) Third Pte. Limited	**4,666,760**	**49%**	4,666,760	49%	–	–

Note No. 11 - Non-Current Borrowings

Particulars	Rate of Interest	Maturity	**As at 31st March 2017** Amount	As at 31st March 2016 Amount	As at 1st April 2015 Amount
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Bonds/Debentures	–	–	**–**	–	–
(b) Term Loans	–	–	**–**	–	–
(1) From Banks Yes Bank	Base Rate of Yes Bank + 0.40%	To be repaid in 55 unequated quarterly installments starting from 04–12–2016	**177,930,287**	184,500,000	–
HSBC Bank	7.95%	To be repaid on 05–09–2018	**407,244,328**	411,568,314	–
Total Secured Borrowings	**–**	**–**	**585,174,615**	596,068,314	–
B. Unsecured Borrowings – at amortised Cost					
(a) Loans from related party	11.50%	–	**9,115,000**	–	–
Total Unsecured Borrowings	**–**	**–**	**9,115,000**	–	–
Total Non Current Borrowings	**–**	**–**	**594,289,615**	596,068,314	–

Notes:

(1) The Company has borrowed funds for project financing from banks. It has availed Buyers' Credit of USD 63,18,627.65 for three years at at 6MLIBOR + margin p.a. Buyers' Credit is repayable in September 2018. The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate. As per the sanctioning terms from the Bank, at the end of three years the Company has a right to repay the Buyers' Credit by borrowing from the limits for long term debt. The company has taken a term loan of INR 21,12,00,000.00 from the Bank for a period of 15 years at Bank base rate + spread, the amount is repayable in 55 Structured instalments starting from December 2016. The amount which is payable in period under normal operating cycle of the company is treated as current. The borrowings are secured against the assets of the Company.

(2) The Company has taken an unsecured loan from Mahindra Renewables Private Limited (the Company having Joint Control) of INR 91,15,000 in January 2017 at 11.50% fixed. This loan is subordinated to other loans taken from the bank.

(i) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	**Amortised cost as at 31st March 2017**	Amortised cost as at 31st March 2016	Amortised cost as at 1st April 2015
Secured						
Term loans from banks:						
YES Bank	INR	10.65%	10.65%	**177,930,287**	184,500,000	–
HSBC Bank	USD	9.22%	7.95%	**407,244,328**	411,568,314	–
Total Non Current Borrowings	–	–	–	**585,174,615**	596,068,314	–

Note No. 12 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2017	Rupees Year ended 31st March, 2016
Current Tax:		
In respect of current year	**–**	(2,265,154)
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(1,018,584)**	(1,320,004)
Total income tax expense on continuing operations	**(1,018,584)**	(3,585,158)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March 2017	Rupees Year ended 31st March 2016
Profit before tax from continuing operations	**3,296,389**	(7,554,185)
Income tax expense calculated at 30.90% (2016: 30.90%)#	**1,018,584**	(2,334,243)
Effect of income that is exempt from taxation	**–**	(1,338,980)
Effect of expenses that is non-deductible in determining taxable profit	**–**	88,065
Income tax expense recognised In profit or loss from continuing operations	**1,018,584**	(3,585,158)

Notes #

(1) The tax rate used for the 31 March 2016 reconciliations above is the corporate tax rate of 30% plus Education cess @ 3%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax assets created for business losses is as below:

Financial year	Business loss	Deferred tax Amount
2014-15	(329,173.00)	(101,714.46)
2015-16	(31,029,686.10)	(9,588,173.00)
2016-17	(9,032,023.55)	(2,790,895.28)
	(40,390,882.65)	**(12,480,782.74)**

Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
For the Year ended 31st March, 2017			
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**6,003,015**	**3,809,480**	**9,812,495**
	6,003,015	**3,809,480**	**9,812,495**
Tax effect of items constituting deferred tax assets			
Carryforward Tax Loss	**9,689,887**	**2,790,895**	**12,480,783**
Minimum Alternate Tax Credit	**–**	**–**	**–**
	9,689,887	**2,790,895**	**12,480,783**
Net Tax Asset (Liabilities)	**(3,686,873)**	**1,018,584**	**(2,668,288)**

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
For the Year ended 31st March, 2016			
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	6,003,015	6,003,015
	–	6,003,015	6,003,015
Tax effect of items constituting deferred tax assets			
Carry forward Tax Loss	101,714	9,588,173	9,689,887
	101,714	9,588,173	9,689,887
Net Tax Asset (Liabilities)	(101,714)	(3,585,158)	(3,686,873)

Note No. 13 - Trade Payables

Rupees

Particulars	As at 3st1 March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Current	**Non Current**	Current	Non Current	Current	Non Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–	–	–
Trade payable - Other than micro and small enterprises	**3,867,918**	**–**	309,516	–	133,160	–
Total Trade Payables	**3,867,918**	**–**	309,516	–	133,160	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 14 - Other Financial Liabilities

Rupees

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other Financial Liabilities Measured at Amortised Cost			
Non-Current			
Current			
(a) Current maturities of long-term debt	**13,955,317**	–	–
(b) Interest accrued	**2,853,636**	9,110,438	–
(c) Other liabilities			
(1) Creditors for capital supplies/services	**–**	65,286,320	–
Other Financial Liabilities Measured at Fair value			
Derivatives not designated as a hedging instruments	**22,711,051**	10,563,877	–
Total other Financial Liabilities	**39,520,004**	84,960,635	–

Note No. 15 - Other Liabilities

Rupees

Particulars	As at 31st March 2017 Current	As at 31st March 2017 Non-Current	As at 31st March 2016 Current	As at 31st March 2016 Non-Current	As at 1st April 2015 Current	As at 1st April 2015 Non-Current
Statutory dues						
– taxes payable (other than income taxes)	**386,959**	**–**	162,838	–	177,258	–
Total Other Liabilities	**386,958**	**–**	162,838	–	177,258	–

Note No. 16 - Revenue from Operations

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
Revenue from sale of solar energy	**120,347,909**	27,472,988
Total Revenue from Operations	**120,347,909**	27,472,988

Note No. 17 - Other Income

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
(a) Interest Income		
On Financial Assets at Amortised Cost	**1,819,472**	703,940
(b) Dividend Income	**–**	4,333,268
(c) Other	**–**	518,410
Total Other Income	**1,819,472**	5,555,618

Note No. 18 - Finance Cost

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
(a) Interest expense	**64,533,993**	14,038,660
(b) Other borrowing cost - loss/ (gain) on loan MTM(net)	**(10,635,911)**	14,194,043
Total Finance Cost	**53,898,082**	28,232,704

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
Interest Expenses		
On Buyers credit and term loan	**53,898,082**	28,232,704

Note No. 19 - Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
(a) Insurance	**1,019,180**	299,281
(b) Repairs and maintenance - Machinery	**10,692,208**	–
(c) Travelling and Conveyance Expenses	**131,434**	10,810
(d) Commission, discounts and rebates	**1,147,193**	–
(e) Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	**15,280**	–
(f) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**125,000**	171,750
(ii) For Taxation matters	**50,000**	–
(iii) For Company Law matters	**–**	–
(iv) For Other services	**65,000**	–
(v) For reimbursement of expenses	**–**	–
(g) Other expenses	**–**	–
(i) Legal and other professional costs	**2,161,133**	182,162
(ii) Printing & Stationary	**5,469**	–
(iii) Bank Charges	**6,160**	–
(iv) Miscellaneous expenses	**3,728,338**	933,757
Total Other Expenses	**19,146,395**	1,597,760

Note No. 20 - Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**0.24**	(0.46)
From discontinuing operations	**–**	–
Total basic earnings per share	**0.24**	(0.46)
Diluted Earnings per share		
From continuing operations	**0.24**	(0.46)
From discontinuing operations	**–**	–
Total diluted earnings per share	**0.24**	(0.46)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		Rupees
	For the current year ended 31st March, 2017	For the previous year ended 31st March, 2016
Profit/(loss) for the year attributable to owners of the Company	**2,277,804**	(3,969,027)
Less: Preference dividend and tax thereon	**–**	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**2,277,804**	(3,969,027)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**2,277,804**	(3,969,027)
Weighted average number of equity shares	**9,524,000**	8,705,978
Earnings per share from continuing operations - Basic	**0.24**	(0.46)

Note No. 21 - Financial Instruments

Capital 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. 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 31 March 2017, 31st march 2016 and 1 April 2015 is as follows:

	31-Mar-17	31-Mar-16	1-Apr-15
Debt (A)	**594,289,615**	596,068,314	–
Equity (B)	**199,803,170**	197,525,366	60,894,193
Debt Ratio (A/B)	**2.97**	3.02	–

Categories of financial assets and financial liabilities

As at 31 March 2017

				Rupees
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Trade Receivables	**21,857,841**	–	–	**21,857,841**
Other Bank Balances	**14,857,774**	–	–	**14,857,774**
Loans				
Other Financial Assets				
– Non Derivative Financial Assets	**11,007,203**	–	–	**11,007,203**
Non-current Liabilities				
Borrowings	**594,289,615**	–	–	**594,289,615**
Current Liabilities				
Borrowings	**13,955,317**	–	–	**13,955,317**
Trade Payables	**3,867,918**	–	–	**3,867,918**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**2,853,636**	–	–	**2,853,636**
– Derivative Financial Liabilities	**–**	**22,711,051**	–	**22,711,051**

As at 31 March 2016

				Rupees
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Trade Receivables	22,289,988	–	–	22,289,988
Other Bank Balances	31,006,521	–	–	31,006,521
Loans				
Other Financial Assets				
– Non Derivative Financial Assets	5,183,000	–	–	5,183,000
Non-current Liabilities				
Borrowings	596,068,314	–	–	596,068,314
Current Liabilities				
Trade Payables	309,516	–	–	309,516
Other Financial Liabilities				
- Non Derivative Financial Liabilities	74,396,758	–	–	74,396,758
- Derivative Financial Liabilities	–	10,563,877	–	10,563,877

As at 1 April 2015

				Rupees
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Investments	–	59,904,881	–	59,904,881
Current Liabilities				
Trade Payables	133,160	–	–	133,160

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Andhra Pradesh and it believes that it is a solvent debt and hence the risk is minimal.

Trade receivables consist of receivable from the state DISCOM of Andhra Pradesh.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

There is no change in estimation techniques or significant assumptions during the reporting period.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, who have established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-17				
Non-interest bearing	**6,721,554**	–	–	–
Variable interest rate instruments	**13,955,317**	**27,910,633**	**27,910,633**	**122,109,021**
Fixed interest rate instruments	–	**407,244,328**	–	**9,115,000**
Total	**20,676,871**	**435,154,961**	**27,910,633**	**131,224,021**
31-Mar-16				
Non-interest bearing	74,706,274	–	–	–
Variable interest rate instruments	–	20,127,273	26,836,364	137,536,364
Fixed interest rate instruments	–	411,568,314	–	–
Total	74,706,274	431,695,587	26,836,364	137,536,364
1-Apr-15				
Non-interest bearing	133,160	–	–	–
Total	133,160	–	–	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-17				
Net settled:				
– currency swaps	–	**22,711,051**	–	–
Total	**–**	**22,711,051**	**–**	**–**
31-Mar-16				
Net settled:				
– Currency swaps	–	10,563,877	–	–
Total	**–**	10,563,877	**–**	**–**
1-Apr-15				
Net settled:	–	–	–	–
Total	**–**	**–**	**–**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31-Mar-17 INR	31-Mar-16 INR	1-Apr-15 INR
Term Loan			
– Expiring beyond one year	**–**	48,931,686	–
	–	48,931,686	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-17				
Non-interest bearing	**32,865,044**	–	–	–
Total	**32,865,044**	**–**	**–**	**–**
31-Mar-16				
Non-interest bearing	27,472,988	–	–	–
Total	27,472,988	–	–	–
1-Apr-15				
Non-interest bearing	59,904,881			
Total	59,904,881	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/Company's exposure to currency risk relates primarily to the Company's borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	31-Mar-17	31-Mar-16	1-Apr-15
Secured Bank Loans	USD	**407,244,328**	411,568,314	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-17	**INR**	**+100**	**–1918856.04**
	INR	**–100**	**19188.5604**
31-Mar-16	INR	+100	(1,845,000)
	INR	–100	1,845,000

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 22 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-17	31-Mar-16	1-Apr-15				
Financial assets							
Investments							
1) Equity investments	**–**	–	–		Actual Costs		
2) Mutual fund investments	**–**	–	–	Level 1	Market Value		
Total financial assets	**–**	–	–				
Financial liabilities							
Other Financial Liabilities							
1) Foreign currency swap contracts	**370,951,430**	392,259,334	–	Level 2			
Total financial liabilities	**370,951,430**	392,259,334	–				

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-17		31-Mar-16		1-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets carried at Amortised Cost						
– trade and other receivables	**21,857,841**	**21,857,841**	22,289,988	22,289,988		
– other financial assets	**11,007,203**	**11,007,203**	5,183,000	5,183,000		
Financial liabilities						
Financial liabilities held at amortised cost						
– convertible notes	**–**	**–**	–	–		
– bank loans	**599,129,932**	**562,837,034**	195,063,877	576,759,334		
– loans from related parties	**9,115,000**	**7,604,100**				
– trade and other payables	**43,387,922**	**43,387,922**	74,706,274	74,706,274		
Total	**684,497,897**	**646,694,100**	297,243,139	678,938,596	–	–

	Fair value hierarchy as at 31st March, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	**21,857,841**	**21,857,841**
– other financial assets	–	–	**11,007,203**	**11,007,203**
Total	–	–	**32,865,044**	**32,865,044**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– convertible notes	–	–	–	–
– bank loans	–	–	**562,837,034**	**562,837,034**
– loans from related parties	–	–	**9,115,000**	**9,115,000**
– trade and other payables	–	–	**43,387,922**	**43,387,922**
Total	–	–	**615,339,956**	**615,339,956**

	Fair value hierarchy as at 31st March, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	22,289,988	22,289,988
– Others	–	–	5,183,000	5,183,000
Total	–	–	27,472,988	27,472,988
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	–	576,759,334	576,759,334
– trade and other payables	–	–	74,706,274	74,706,274
Total	–	–	651,465,608	651,465,608

	Fair value hierarchy as at 1st April, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
Financial Instruments not carried at Fair Value	–	–	–	–
	–	–	–	–
	–	–	–	–

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 23 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Entities having Joint control/Significant Influence over Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Ultimate Holding Company
Nature of transactions with Related Parties								
Purchase of property and other assets (Power Plant)	31-Mar-17	–	1,516,437	–	–	–	–	–
	31-Mar-16	–	750,001,668	–	–	–	–	–
Receiving of services	31-Mar-17	–	10,692,208	–	–	–	–	460,002
	31-Mar-16	–	–	–	–	–	–	171,750
Interest paid	31-Mar-17	–	2,631,889	–	–	–	–	–
	31-Mar-16	–	–	–	–	–	–	–
Deposit Repaid	31-Mar-17	300,000	–	–	–	–	–	–
	31-Mar-16		–	–	–	–	–	–
Deposit taken	31-Mar-17	300,000	–	–	–	–	–	–
	31-Mar-16		–	–	-	–	–	–

Rupees

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Ultimate Holding Company
Equity contribution to the Company	31-Mar-17	–	–	–	–	–	–	–
	31-Mar-16	141,288,000	–	–	–	–	–	–
Interest paid on Subordinated debt	31-Mar-17	229,748	–	–	–	–	–	–
	31-Mar-16	–	–	–	–	–	–	–
Other transactions (Subordinated Debt Taken)	31-Mar-17	9,115,000	–	–	–	–	–	–
	31-Mar-16	–	–	–	–	–	–	–

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Ultimate Holding Company
Trade payables	31-Mar-17	–	2,994,761	–	–	–	–	557,138
	31-Mar-16	–	63,114,792	–	–	–	–	135,456
Loans & advances taken	31-Mar-17	9,321,773	–	–	–	–	–	–
	31-Mar-16	–	–	–	–	–	–	–

Note No. 24 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at 31 March 2016 and 1 April 2015:

Particulars	Notes	As at 31st March 2016	Rupees As at 1st April 2015
Equity as reported under previous GAAP		207,400,388	60,792,479
Ind AS: Adjustments increase (decrease):			
Deferred income tax		4,319,021	101,714
Loss on MTM of Borrowings		(14,194,043)	–
Equity as reported under IND AS	SOCE	197,525,366	60,894,193

(ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016:

Particulars	Notes	Rupees Year Ended 31st March 2016
Profit or Loss as per previous GAAP		9,679,216
Ind AS: Adjustments increase (decrease):		
Loss on MTM of Borrowings		(13,648,243)
Total adjustment to profit or loss		(13,648,243)
Profit or Loss under Ind AS		(3,969,027)
Other comprehensive income		–
Total comprehensive income under Ind ASs		(3,969,027)

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

Analysis of cash and cash equivalents as at 31 March 2016 and 1 April 2015 for the purpose of Statement of Cash flows under Ind AS

Particulars	Notes	As at 31st March 2016	Rupees As at 1st April 2015
Cash and cash equivalents for the purpose of Statement of Cash flows as per Previous GAAP		33,008	33,008
Bank Overdrafts which forms integral part of cash management system		–	–
Cash and cash equivalents of jointly controlled entities proportionately consolidated under previous GAAP		–	–
Cash and cash equivalents of entities not consolidated as subsidiary under previous GAAP		–	–
Other adjustments (specify)		–	–
Cash and cash equivalents for the purpose of Statement of Cash flows as per Ind AS	7	33,008	33,008

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 : 24th April, 2017

For and on behalf of the Board of Directors

Basant Jain
Director

Rajesh Sehgal
Director

Payal Gajiwala
Company Secretary

Place : Mumbai
Date : 24th April, 2017

DIRECTORS' REPORT

Your Directors present their First Report together with the Audited Financial Statements of your Company for the period ended 31st March, 2017.

BUSINESS OF YOUR COMPANY

Your Company was incorporated on 16th December, 2016 primarily to carry on the business of setting up of shredding plants and collection centres for recycling of end of life vehicles and end of life white goods.

1) FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS:

Particulars	For the period ended 31st March, 2017 Amount (Rs.)
Income	**308,934**
Profit/(loss) before depreciation, interest and taxation	**(9,245,050)**
Less: Depreciation	**1,563**
Profit/(loss) before taxation	**(9,246,613)**
Less: Provision for taxation	**96,015**
Profit/(loss) after taxation	**(9,342,628)**
Other comprehensive income	**–**
Total comprehensive income/(loss) for the year	**(9,342,628)**
Less: Share issue expenses	**(67,775)**
Balance carried to Balance Sheet	**(9,410,403)**
Net worth	**52,589,597**

No material changes and commitments have occurred after the closure of the period ended 31st March, 2017 till the date of this report which would affect the financial position of the Company.

OPERATIONS

Your Company is yet to commence commercial operations. During the period ended 31st March 2017, the total comprehensive loss of the Company was Rs. 93,42,628.

JOINT VENTURE

Your Company was incorporated as a Joint Venture pursuant to the Joint Venture Agreement dated 8th August, 2016, between Mahindra Intertrade Limited and MSTC Limited.

DIVIDEND

Your Directors have not declared dividend for the period under review.

RISK MANAGEMENT POLICY

Your Company on 21st April, 2017 has adopted a Risk Management Policy which identifies and evaluates risks and frames a response to the key risks 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.

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

During the period under review, the Authorised Share Capital of your Company stood at Rs. 60,00,00,000 divided in 6,00,00,000 equity shares of Rs. 10 each. Your Company on 8th February, 2017, allotted 60,00,000 equity shares of Rs. 10 each aggregating to Rs. 6,00,00,000, pursuant to rights issue. As on 31st March, 2017, the paid-up capital of your Company stood at Rs. 6,20,00,000 divided into 62,00,000 equity shares of Rs. 10 each.

BOARD OF DIRECTORS

The Composition of your Board of Directors is as follows:

Sr. No.	Name of the Director	DIN	Category	Independent/ Non-Independent
1.	Mr. B.B. Singh	03212787	Non-Executive Director	Non-Independent
2.	Mr. Sumit Issar	06951249	Non-Executive Director	Non-Independent

Mr. Sumit Issar (DIN: 06951249) and Mr. B. B. Singh (DIN: 03212787) are the first Directors of your Company and hold office till the ensuing Annual General Meeting. Both 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. The Company has also received notices pursuant to Section 160 of the Companies Act, 2013, along with the necessary deposit, proposing the candidature of Mr. Sumit Issar and Mr. B. B. Singh as Directors at the ensuing Annual General Meeting.

Your Company is not required to constitute Audit Committee and Nomination and Remuneration Committee of the Board.

Provisions relating to Annual Evaluation of Board, Committees and individual Directors are not applicable to your company.

Board Meetings

The Board met twice during the period ended 31st March, 2017, i.e. on 21st December, 2016 and 8th February, 2017. These Meetings were attended by both the Directors of the Company. The gap between two consecutive meetings did not exceed 120 days.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its Directors, 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 period ended 31st March, 2017, received declarations from members of the Board, senior management and employees, affirming compliance with the respective Codes.

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:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;

(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 31st March, 2017 and of the Loss of the Company for the period 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) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2017 and have found them to be adequate.

(vi) 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

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following personnel were appointed as Key Managerial Personnel of your Company during the period under review:

Mr. Amitava Sinha – Chief Financial Officer with effect from 21st December, 2016

Ms. Dolly Dhandhresha – Company Secretary with effect from 8th February, 2017

AUDITORS

M/s. B.K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W), the first Auditors of your Company appointed by the Board of Directors, hold office till the conclusion of the forthcoming Annual General Meeting.

Members are requested to appoint M/s. B S R & Co. LLP (a KPMG Member Firm), Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company, for a period of five consecutive years, i.e. from the conclusion of the 1st Annual General Meeting till the conclusion of the 6th Annual General Meeting, to be held in the year 2022 and fix their remuneration.

Your Company has obtained written consent from M/s. B S R & Co. LLP (a KPMG Member Firm), Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) along with the Certificate from them, stating that the appointment if made would be in accordance with the conditions as prescribed under Section 139 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and would also satisfy the criteria as provided in Section 141 of the Companies Act, 2013.

The Auditors' Report for the period ended 31st March, 2017 does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR COST AUDITOR AND INTERNAL AUDITOR

During the year under review, the provisions relating to Secretarial Auditor, Cost Auditor and Internal Auditor were not applicable to your company.

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.

PUBLIC DEPOSITS AND LOANS/ADVANCES

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.

There were no loans granted, investments made, guarantees given and securities provided during the period under review pursuant to Section 186 of the Companies Act, 2013.

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 period under review were in ordinary course of business and at arm's length basis.

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

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 31st March, 2017 is furnished as **Annexure III** and forms part of this report.

PROVISIONS RELATING TO ESTABLISHMENT OF VIGIL MECHANISM

During the year under review, the provisions relating to establishment of Vigil Mechanism enumerated under section 177 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014, were not applicable to your Company.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Your Company has in place a policy for prevention of Sexual Harassment of Women at Workplace. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the period ended 31st March, 2017, no complaints were received by the said Committee.

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 period ended 31st March, 2017:

a) Provisions relating to Corporate Social Responsibility (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) 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 period ended 31st March, 2017.

For and on behalf of the Board

B. B. Singh *Chairman*

Sumit Issar *Director*

Mumbai, 21st April, 2017

ANNEXURE I TO THE DIRECTORS' REPORT

Form 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
	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 & Mahindra Limited (Ultimate Holding Company)	Rent charges paid	Recurring	1) Rent charges paid - at rates comparable with market rates 2) Total value of transaction: Rs. 174,210	Not Applicable (Refer Note)	Nil
2.	Mahindra Intertrade Limited (Holding Company)	Deputation charges of Chief Operating Officer	Recurring	1) Deputation charges of Chief Operating Officer deputed to the Company - at cost 2) Total value of transaction: Rs. 802,918	Not Applicable (Refer Note)	Nil
3.	Mahindra Intertrade Limited (Holding Company)	Reimbursement of Employee cost	Recurring	1) Reimbursement of employee cost to the Company - at cost 2) Total value of transaction: Rs. 368,706	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.

For and on behalf of the Board

B. B. Singh
Chairman

Sumit Issar
Director

Mumbai, 21st April, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF 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

a. The efforts made towards technology absorption: **Nil**

b. The benefits derived like product improvement, cost reduction, product development or import substitution: **Not applicable**

c. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year commencing from 16.12.2016):

(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**

d. The expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earning or outgo during the period under review.

For and on behalf of the Board

B. B. Singh
Chairman

Sumit Issar
Director

Mumbai, 21st April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the period ended on 31st March, 2017

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**		U37100MH2016PTC288535
ii.	**Registration Date**		16th December, 2016
iii.	**Name of the Company**		Mahindra MSTC Recycling Private Limited
iv.	**Category/Sub-Category of the Company**		Indian Non-Government Company / Limited by shares
v.	**Address of the Registered office and contact details**		Mahindra MSTC Recycling Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 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**		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.	NA	NA	NA

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 Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	50%*	2 (46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Intermediate Holding Company	50%*	2 (46)
3	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U51900MH1978PLC020222	Holding Company	50%	2 (46)

* Through Mahindra Intertrade Limited

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 commencing from 16.12.2016				No. of Shares held at the end of the period ended 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	2,00,000	2,00,000	100	–	62,00,000	62,00,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**2,00,000**	**2,00,000**	**100**	**–**	**62,00,000**	**62,00,000**	**100**	**–**
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**2,00,000**	**2,00,000**	**100**	**–**	**62,00,000**	**62,00,000**	**100**	**–**
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
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 commencing from 16.12.2016				No. of Shares held at the end of the period ended 31.03.2017				% 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)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	**2,00,000**	**2,00,000**	**100**	–	**62,00,000**	**62,00,000**	**100**	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year commencing from 16.12.2016			Shareholding at the end of period ended 31.03.2017			% 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 Intertrade Limited	1,00,000	50	–	31,00,000	50	–	–
2.	MSTC Limited	1,00,000	50	–	31,00,000	50	–	–
	Total	**2,00,000**	**100**	–	**62,00,000**	**100**	–	–

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

Sr. No.	Particulars	Shareholding at the beginning of the year commencing from 16.12.2016		Increase / Decrease in no. of shares	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 Intertrade Limited**					
	At the beginning of the year commencing from 16.12.2016	1,00,000	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.) 08.02.2017 – Increase on account of allotment of 30,00,000 equity shares pursuant to rights issue	–	–	30,00,000	31,00,000	50
	At the end of the period ended 31.03.2017	–	–	–	**31,00,000**	**50**
2.	**MSTC Limited**					
	At the beginning of the year commencing from 16.12.2016	1,00,000	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.) 8.2.2017 – Increase on account of allotment of 30,00,000 equity shares pursuant to rights issue	–	–	30,00,000	31,00,000	50
	At the end of the period ended 31.03.2017	–	–	–	**31,00,000**	**50**

(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 commencing from 16.12.2016		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 commencing from 16.12.2016	–	–	–	–
	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 period ended 31.03.2017	–	–	–	–

(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 commencing from 16.12.2016		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 commencing from 16.12.2016	–	–	–	–
	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 period ended 31.03.2017	–	–	–	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment: Amount in Rs.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of 16.12.2016	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year (commencing from 16.12.2016)	–	–	–	–
+ Addition	–	–	–	–
- Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the period ended-31.03.2017	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

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	–	–

Sr. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission (as % of profit)	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

Particulars of Remuneration	Names of Directors	Total Amount
1. Independent Directors		
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others, please specify	–	–
Total B (1)	–	–
2. Other Non-Executive Directors		
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others, please specify	–	–
Total B (2)	–	–
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	CS Ms. Dolly Dhandhresha (w.e.f. 8th February, 2017)	CFO Mr. Amitava Sinha (w.e.f. 21st December, 2016)	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)	–	–	–	–
5.	Others, please specify - Fees	–	25,714	–	–
	Total	–	**25,714**	–	–

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)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

B. B. Singh
Chairman

Sumit Issar
Director

Mumbai, 21st April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA MSTC RECYCLING PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Mahindra MSTC Recycling Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and for Internal Financial Controls over Financial Reporting

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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. 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

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit and to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

5. 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.

6. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. 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 the Ind AS financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

7. An audit involves performing procedures to obtain audit evidence about the amounts, the disclosures in the Ind AS financial statements and 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 exits 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

8. 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 and the Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

9. A company's internal financial controls 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.

10. 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

11. 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

12. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

13. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. In our opinion considering nature of business, size of operation and organisational structure of the entity, 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, 2017, 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.

    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. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

        iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 16th December, 2016 (being date of incorporation of the Company) to 30th December, 2016 – Refer Note [25]

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

SHIRISH RAHALKAR
Partner
Membership No. 111212

Place: Mumbai,
Date: 21st April 2017

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 12 of our report of even date on the Ind AS financial statements of Mahindra MSTC Recycling Private Limited for the year ended March 31, 2017

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 Company does not own any immovable property as on balance sheet date.

II. The Company has not dealt in any inventories during the year and does not hold any inventory at the end of the year. Therefore, 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 customsand 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) 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.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed from 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 Company has neither obtained the term loans nor moneys were raised by way of initial public offer or further public offer.

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, 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 not paid any managerial remuneration during the year. Therefore, requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act are not applicable.

XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Order 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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

SHIRISH RAHALKAR
Partner
Membership No. 111212

Place: Mumbai,
Date: 21st April 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars			Note	As at 31st March, 2017 Amount (Rs)
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment		3	**27,437**
	(b) Capital work-in-progress			**2,385,930**
	Total Non – Current Assets			**2,413,367**
2	**Current assets**			
	(a) Financial assets			
		(i) Cash and cash equivalents	4	**51,805,053**
		(ii) Loans	5	**42,000**
		(iii) Other financial assets	6	**529,747**
	(b) Other current assets		7	**1,408**
	Total Current Assets			**52,378,208**
	Total Assets (1+2)			**54,791,575**
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share capital		8	**62,000,000**
	(b) Other Equity		9	**(9,410,403)**
	Total equity			**52,589,597**
2	**LIABILITIES**			
A	**Non-current liabilities**			
	(a) Provisions		10	**52,683**
	Total Non – Current Liabilities (A)			**52,683**
B	**Current liabilities**			
	(a) Financial Liabilities			
		(i) Other financial liabilities	11	**1,834,552**
	(b) Current tax liabilities (Net)		12	**28,250**
	(c) Other current liabilities		13	**286,493**
	Total Current Liabilities (B)			**2,149,295**
	Total Liabilities (2=A+B)			**2,201,978**
	Total Equity and Liabilities (1+2)			**54,791,575**

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

Shirish Rahalkar
Partner
Membership No. 111212

For and on behalf of the Board of Directors

Dolly Dhandhresha
Company Secretary

Amitava Sinha
Chief Financial Officer

B B Singh
Director

Sumit Issar
Director

Place : Mumbai
Date: 21st April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 16TH DECEMBER, 2016 (BEING DATE OF INCORPORATION OF THE COMPANY) TO 31ST MARCH, 2017

	Particulars	Note	For the period ended 31st March, 2017 Amount (Rs)
I	Revenue from operations		–
II	Other Income	15	**308,934**
III	**Total Revenue (I + II)**		**308,934**
IV	**Expenses**		
	(a) Employee benefits expense	16	**223,020**
	(b) Depreciation expense	3	**1,563**
	(c) Other expenses	17	**9,330,964**
	Total Expenses (IV)		**9,555,547**
V	**Profit/(loss) before tax (III – IV)**		**(9,246,613)**
VI	**Tax Expense**		
	(1) Current tax	14	**96,015**
	(2) Deferred tax		–
	Total tax expense (VI)		**96,015**
IX	**Profit/(loss) for the period (VII – VIII)**		**(9,342,628)**
X	**Other Comprehensive Income**		–
XI	**Total Comprehensive Income for the year (IX + X)**		**(9,342,628)**
XII	**Earnings per equity share – Basic/Diluted (in Rs.):**	24	**(10.23)**

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

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date: 21st April, 2017

For and on behalf of the Board of Directors

Dolly Dhandhresha
Company Secretary

B B Singh
Director

Amitava Sinha
Chief Financial Officer

Sumit Issar
Director

CASH FLOW STATEMENT FOR THE PERIOD FROM 16TH DECEMBER, 2016 (BEING DATE OF INCORPORATION OF THE COMPANY) TO 31ST MARCH, 2017

Particulars	For the period ended 31st March, 2017 Amount (Rs)
A. Cash flow from operating activities	
Profit/(Loss) before tax	**(9,246,613)**
Adjustments for:	
Depreciation and amortisation expense	**1,563**
Interest income	**(308,934)**
Operating loss before working capital changes	**(9,553,984)**
Changes in working capital:	
Increase in other receivables and other assets	**(375,243)**
Increase in other payables and other liabilities	**2,173,728**
Cash Generated from Operations	**(7,755,500)**
Net income tax paid	**(67,764)**
Net cash generated by operating activities (A)	**(7,823,264)**
B. Cash flow from investing activities	
Payments for property, plant and equipment and capital expenditure	**(2,414,930)**
Interest received	**111,022**
Net cash flow used in investing activities (B)	**(2,303,908)**
C. Cash flow from financing activities	
Proceeds from issue of equity shares	**62,000,000**
Payment for share issue costs	**(67,775)**
Net cash flow from financing activities (C)	**61,932,225**
Net increase in cash and cash equivalents (A + B + C)	**51,805,053**
Cash and cash equivalents at the beginning of the period	**–**
Cash and cash equivalents at the end of the period	**51,805,053**
	51,805,053
Reconciliation of Cash and cash equivalents with the Balance Sheet:	
Cash and cash equivalents as per Balance Sheet (Refer Note No. 4)	**51,805,053**

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

Shirish Rahalkar
Partner
Membership No. 111212

For and on behalf of the Board of Directors

Dolly Dhandhresha
Company Secretary

B B Singh
Director

Amitava Sinha
Chief Financial Officer

Sumit Issar
Director

Place : Mumbai
Date: 21st April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate information:

Mahindra MSTC Recycling Private Limited is a private limited company incorporated in Mumbai, India on 16th December, 2016 under the Companies Act 2013. The registered office of the company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is carrying on the business of setting up, owning, maintenance and operation of shredding plants and facilities for purchase, storage, collection, segregating, processing, recycling and importing of end of life vehicles and end of life white goods and other materials and sale there from of shredded ferrous and non-ferrous metal scrap and all other types of scrap including E waste scrap, plastics, rubber, spare parts and any other disposable items, within and outside India.

2. Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016. For the financial year ended 31st March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006.These financial statements for the year ended 31st March 2017 are the company's first financial statements.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorized for issue on 21st April, 2017.

2.2 Property, Plant and Equipment:

Property, Plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment, if any.

The cost of an item of property, plant and equipment comprise:

- its purchase price, including import duties and non-refundable purchase taxes after deducting trade discounts and rebates;
- any cost which is 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.
- finance cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use, if any.

The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed in Schedule II of the Companies Act which is as follows:

1. Computer and data processing unit - 3 Years

2.3 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 and related incidental expenses.

2.4 Financial Assets and Financial Liabilities:

Financial Instruments:
Financial assets and financial liabilities are recognised when the company 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 (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) 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 Statement of Profit and Loss are recognised immediately in Statement of Profit and Loss.

Financial Assets:
All regular way purchases or sales of financial assets are recognised and derecognised 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. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of Financial Assets:
The Company applies the expected credit loss model for recognizing impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses

Derecognition of Financial Assets:
The Company derecognises a financial asset 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 party. 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial Liabilities and Equity Instruments:
Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all 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 instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities:
All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

Derecognition of Financial Liabilities:
The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference

between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

2.5 Employee benefits:

Retirement benefit costs and termination benefits:
Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined based on the actual number of working days and accumulated leave balances.

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense".

Long term employee benefits:
A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of other long-term employee benefits have been accrued on 'actual' basis at amounts estimated by management.

2.6 Revenue Recognition:

Interest and dividend income:
Interest income is accrued on a time proportionate basis. Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

2.7 Provisions:

Provisions are recognised 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 recognised 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.

2.8 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised for future tax consequences of temporary differences between the carrying amounts of aassets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable pprofit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are ggenerally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will bbe available against which those deductible temporary differences can be utilised.

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 liabilities and assets 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.

Current and deferred tax for the year:
Current tax is recognized in the Statement of Profit or Loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax is also recognized in other comprehensive income or directly in equity respectively.

2.9 Cash and cash equivalents:

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.

2.10 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

2.11 Earnings per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

3 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.2.2	Property, plant & equipment
Note No.2.5	Employee benefits

Note No. 3 - Property, Plant & Equipment

Description of Assets	**Computers & data processing units**	**Total**
I. Cost		
Balance as at 1st April, 2016	–	–
Additions	29,000	**29,000**
Balance as at 31st March, 2017	29,000	**29,000**
II. Accumulated depreciation		
Balance as at 1st April, 2016	–	–
Depreciation expense for the year	1,563	**1,563**
Balance as at 31st March, 2017	**1,563**	**1,563**
Net carrying amount (I-II)		
Balance as on 31st March, 2017	**27,437**	**27,437**
Balance as on 31st March, 2016	–	–

Note :

Assets pledged as security and restriction on titles :

No assets have been pledged as security by the Company and there are no restriction on titles of the assets of the Company.

Note No. 4 – Cash and cash equivalents

Particulars	As at 31st March, 2017
Balances with banks	
(i) in current accounts	22,105,053
(ii) in Fixed Deposit Receipts	29,700,000
TOTAL	**51,805,053**
Of the above, the balances that meet the definition of cash and cash equivalents as per IND-AS 7 Cash Flow Statement is	**51,805,053**

Note No. 5 – Loans

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Security deposits			
Unsecured considered good			
– *with Others*	42,000	–	42,000
TOTAL	**42,000**	**–**	**42,000**

Note No. 6 – Other financial assets

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Financial Assets at amortised cost			
– *Other receivables*	331,835	–	331,835
– *Interest accrued on bank fixed deposits*	197,912	–	197,912
TOTAL	**529,747**	**–**	**529,747**

Other receivables breakup

Particulars	As at 31st March, 2017
Of the above, other receivables from:	
– *Related parties*	331,835
– *Others*	–
TOTAL	**331,835**

Note No. 7 – Other assets

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Advances other than capital advances			
(i) Other advances			
– *Prepaid expenses*	1,408	–	1,408
TOTAL	**1,408**	**–**	**1,408**

Note No. 8 – Share capital

Particulars	As at 31st March, 2017	
	Number of Shares	Rupees
(a) Authorised		
Equity shares of Rs. 10 each	60,000,000	600,000,000
	60,000,000	600,000,000
(b) Issued		
Equity shares of Rs. 10 each	6,200,000	62,000,000
	6,200,000	62,000,000
(c) Subscribed		
Equity shares of Rs. 10 each	6,200,000	62,000,000
	6,200,000	62,000,000
(d) Fully paid up		
Equity shares of Rs. 10 each	6,200,000	62,000,000
	6,200,000	62,000,000

(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 31st March, 2017				
Number of shares	–	6,200,000	–	6,200,000
Amount	–	62,000,000	–	62,000,000

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. 16th December, 2016)

(ii) Terms/rights and restrictions 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: in proportion to his share in the 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, 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. There is a restriction on transfer of Company's shares for a lock-in period of 3 years from the date of issue of share certificate(s) to the subscribers of the Memorandum of Association ("Lock-in Period") during which period Shares of the Company cannot be transferred by the Parties. After the expiry of the Lock-in Period, the shareholders may transfer the shares in accordance with the provisions of the Articles of Association.

(iii) Details of shares held by the holding company

Particulars	As at 31st March, 2017
Mahindra Intertrade Limited, the holding Company	3,100,000

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31st March, 2017	
	Number of shares	% of holding
Mahindra Intertrade Limited	3,100,000	50%
MSTC Limited	3,100,000	50%

Note No. 9 – Statement of changes in other equity

For the year ended 31st March 2017

Particulars	As at 31st March, 2017	
	Retained earnings	Total
Balance as on 1st April 2016	–	–
Profit/(loss) for the year	(9,342,628)	(9,342,628)
Less: Share Issue Cost	(67,775)	(67,775)
Balance as on 31st March 2017	**(9,410,403)**	**(9,410,403)**

Note No. 10 – Provisions

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Provision for employee benefits			
– *Provision for compensated absences*	–	38,512	38,512
– *Provision for gratuity*	–	14,171	14,171
TOTAL	**–**	**52,683**	**52,683**

Note No. 11 – Other financial liabilities

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Other financial liabilities measured at amortised cost			
– *Creditors for services other than capital*	555,473	–	555,473
– *Creditors for capital supplies/ services*	1,279,079	–	1,279,079
TOTAL	**1,834,552**	**–**	**1,834,552**

Note No. 12 – Tax liabilities

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Provision for tax (net of TDS of Rs. 67,764)	28,250	–	28,250
TOTAL	**28,250**	**–**	**28,250**

Note No. 13 – Other liabilities

Particulars	As at 31st March, 2017		
	Current	Non-current	Total
Statutory dues			
– *Taxes payable (Tax Deducted at Source)*	244,508	–	244,508
– *Employee Recoveries and Employer Contributions*	41,485	–	41,485
– *Profession tax*	500	–	500
TOTAL	**286,493**	**–**	**286,493**

Note No. 14 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	For the year ended 31st March, 2017
Current Tax:	
In respect of the current year	96,015
Deferred Tax:	
In respect of current year	–
Total income tax expense recognised in profit and loss	**96,015**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended 31st March, 2017
Profit/(Loss) before tax	(9,246,613)
Income tax expense calculated at 30.90%	(2,857,203)
Effect of expenses that are non-deductible in determining taxable profit	2,953,218
Income tax expense recognised in Statement of Profit and loss	**96,015**

The tax rate used for the 31 March 2017 is the corporate tax rate of 30% (including education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws. Surcharge is NIL as taxable income is below Rs. 10,000,000 for FY 2016-17.

Note No. 15 – Other income

Particulars	For the year ended 31st March, 2017
(a) Interest Income	
– On bank deposits	308,934
Total	**308,934**

Note No. 16 – Employee benefits expense

Particulars	For the year ended 31st March, 2017
(a) Salaries and wages, including bonus	183,731
(b) Contribution to provident and other funds	39,289
Total	**223,020**

Post-employment defined benefits have been accrued on 'actual' basis at amounts estimated by management.

Note No. 17 – Other Expenses

Particulars	For the year ended 31st March, 2017
(a) Rent including lease rentals	221,341
(b) Rates and taxes	4,535
(c) Insurance Charges	604
(d) Travelling expenses	142,764
(e) Subcontracting, Hire and Service Charges	40,815
(f) Professional fees	337,777
(g) Auditors remuneration and out-of-pocket expenses	
(i) For Statutory Audit	57,500
(h) Preliminary expenses (Refer Note No. 23)	
(i) ROC and stamp duty fees for increase in authorised share capital	5,833,700
(ii) Travelling and conveyance	2,222,455
(iii) Other expenses	339,144
(i) Miscellaneous expenses	130,329
Total	**9,330,964**

Note No. 18 – Commitments (to the extent not provided for)

Particulars	For the year ended 31st March, 2017
Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for	158,600

Note No. 19 – 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 information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

Note No. 20 – Related Party Disclosures

20.1 List of Related Parties

Description of Relationship	Name of the related parties
Ultimate Holding company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited
Company having significant influence	MSTC Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Pvt. Ltd. (MIBS)

Note : Related Parties have been identified by the Management

20.2 Details of transactions between the Company and its Related parties are disclosed below:

Particulars	For the Year ended	Ultimate Holding Company	Holding Company	Company having significant influence	Fellow Subsidiary
		Mahindra & Mahindra Limited	Mahindra Intertrade Limited	MSTC Limited	MIBS
Issue of share capital	31-Mar-17	–	31,000,000	31,000,000	–
Preliminary expenses paid	31-Mar-17	–	7,743,740	651,559	–
Purchase of fixed asset (laptop)	31-Mar-17	–	29,000	–	–
Rent paid	31-Mar-17	174,210	–	–	–
Deputation of Personnel from related parties	31-Mar-17	–	802,918	–	–
Deputation of Personnel to related parties	31-Mar-17		368,706	–	–
Reimbursement made to related parties	31-Mar-17	3,786	–	–	–
Professional fees (payroll processing fees)	31-Mar-17	–	–	–	15,000
Outstanding payables	31-Mar-17	186,707	872,062	–	15,750
Outstanding receivables	31-Mar-17	–	331,835	–	–

Note No. 21 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a programme that performs monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. During the year, the Company is exposed to credit risk from its financing activity i.e. deposits with banks and other receivables.

1. Other receivables

Other receivables consist of receivables from holding company.

2. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Amount
	INR	INR	INR	INR	INR	INR
Non-derivative financial liabilities						
31-Mar-17						
Non-interest bearing	1,834,552	–	–	–	1,834,552	**1,834,552**
Total	**1,834,552**	–	–	–	**1,834,552**	**1,834,552**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Amount
	INR	INR	INR	INR	INR	INR
Non-derivative financial assets						
31-Mar-17						
Non-interest bearing	22,147,053	–	–	–	22,147,053	**22,147,053**
Fixed interest rate instruments	30,229,747	–	–	–	30,229,747	**30,229,747**
Total	**52,376,800**	–	–	–	**52,376,800**	**52,376,800**

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 22 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

	Fair value hierarchy as at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash and cash equivalents	–	51,805,053	–	51,805,053
– other receivables	–	331,835	–	331,835
– deposits	–	42,000	–	42,000
– Interest receivable	–	197,912	–	197,912
Total	–	52,376,800	–	52,376,800
Financial liabilities				
Financial liabilities held at amortised cost				
– other payables	–	1,834,552	–	1,834,552
Total	–	1,834,552	–	1,834,552

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note No. 23 – Preliminary expenses

Preliminary expenses of Rs 8,395,299 mainly comprise of expenses for registration of the Company under the provisions of the Companies Act including professional fees for drafting the memorandum and articles of association, and expenditure in connection with business surveys.

Note No. 24 – Earnings per share

Particulars	For the year ended 31st March, 2017
Basic Earnings per share	
Profit / (loss) after tax (A)	(9,342,628)
Weighted average number of shares- Basic (B)	912,877
Earnings per share-Basic / Diluted (Rupees) (A/B)	(10.23)
Nominal Value of Equity Shares (Rupees)	10.00

Note No. 25 – Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

The Company did not have any holdings or dealings in Specified Bank Notes during the period from 16th December, 2016 (being date of incorporation of the Company) to 30th December, 2016

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date: 21st April, 2017

For and on behalf of the Board of Directors

Dolly Dhandhresha
Company Secretary

B B Singh
Director

Amitava Sinha
Chief Financial Officer

Sumit Issar
Director

DIRECTORS' REPORT

Your Directors present their Thirty-Ninth Report, together with the Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS AND COMPANY'S STATE OF AFFAIRS:

(Rs in crores)

	For the year ended 31st March, 2017	*For the year ended 31st March, 2016
Income	**1,007.20**	1,107.26
Profit before depreciation, interest and taxation	**97.25**	101.92
Less: Depreciation	**5.72**	4.59
Profit before interest and taxation	**91.53**	97.33
Less: Finance Costs	**1.24**	1.36
Profit before Tax	**90.29**	95.97
Less: Provision for taxation:		
Current Tax	**30.32**	33.42
Deferred tax	**0.30**	(0.44)
Profit for the year after tax	**59.67**	62.99
Other comprehensive income	**(0.32)**	(0.28)
Total comprehensive income for the year	**59.35**	62.71
Balance of profit of earlier years	**444.15**	400.83
Profit available for appropriation	**503.50**	463.54
Dividend paid on equity shares	**19.92**	16.60
Income-tax on dividend paid	**3.64**	2.79
Balance carried to Balance Sheet	**479.94**	444.15
Net worth	**496.54**	460.75

* The aforesaid financial highlights are based on the Company's first Ind AS audited financial statements for the year ended 31st March, 2017 which are required to be prepared in accordance with the Accounting Standards as notified under section 133 of the Companies Act, 2013. Figures for the year ended 31st March, 2016 have been restated as per the new Accounting Standards Ind AS to make them comparable with the figures for the year ended 31st March, 2017.

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

Inspite of the year under review being a very tough year, your company was able to meet its targets for the year. The demand from transformer industry continued to be robust resulting in better capacity utilization.

Your company was able to expand its market share in the power segment and also start exports in this segment. In the Automotive segment, your company (and its subsidiaries) is focusing on expanding its customer base and market share by providing value added services.

Your Company's income for the year was Rs. 1007.20 crores compared to Rs. 1107.26 crores in the previous year. The decline is owing to a drop in prices of grades of electrical steel coupled with subdued performance of auto industry. Total comprehensive income for the year was at Rs. 59.35 crores as compared to Rs. 62.71 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 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. 23rd June, 2017, the date of the Annual General Meeting of the Company.

The dividend for the year, together with income tax thereon, will absorb a sum of Rs. 23.98 crores as against Rs. 23.98 crores paid for the previous year.

CURRENT YEAR

The Company is presently undergoing a major re-branding exercise and expects to have it completed by the first half of the year.

New projects of the Company and its subsidiaries:

Some of the major projects underway which will provide future growth opportunities are as under:

- Project for manufacture of purlins at the Company's Nashik plant which is expected to be up and running by September, 2017.
- Expansion of capacity at the Company's Vadodra plant during the year which will further consolidate its market share in the Distribution Transformers (DT) segment and also increase exports.

- Expansion at Bhopal plant of Mahindra Steel Service Centre Limited is being planned to meet the growing demand from lead customers like BHEL and CG and other North based customers.
- Expansion at the Sharjah plant of Mahindra Middle East Electrical Steel Service Centre (FZC), which will increase the subsidiary's market share in Gulf and South Asian countries.
- Mahindra MSTC Recycling Private Limited, a Joint Venture with MSTC Limited for foraying into the organised automotive shredding sector, is on track and the same is scheduled to commence operations by October, 2017. A major branding exercise is going on in this company.

SUBSIDIARIES

Mahindra Steel Service Centre Limited (MSSCL):

Mahindra Steel Service Centre Limited (MSSCL's) income for the year was Rs. 244.36 crores as against Rs. 215.62 crores in the previous year mainly owing to an increase in offtake by the home appliances sector. The total comprehensive income for the year was lower at Rs. 3.31 crores as against Rs. 6.12 crores in the previous year primarily on account of a drop in prices of grades of electrical steel accompanied by a drop in auto steel demand.

Mahindra MiddleEast Electrical Steel Service Centre (FZC)- (MME):

Mahindra MiddleEast Electrical Steel Service Centre (FZC) ('MME') turned in an improved performance during the year through expansion of customer base. The total income of MME for the year under review increased to USD 10.52 million (INR 682.43 million) from USD 5.68 million (INR 368.23 million), an increase of nearly 85%.

Total comprehensive income for the year increased to USD 0.12 million (INR 7.63 million) as compared to USD 0.05 million (INR 3.62 million) in the previous year, through customer diversification.

The utilization of transformer core line improved 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. MESPL's income for the year was Nil as against Rs. 0.75 crores in the previous year owing to sale of land at Naini during the said year. The total comprehensive loss for the year was Rs. 0.77 crores as against a loss of Rs. 0.14 crores in the previous year.

Mahindra Auto Steel Private Limited (MASPL):

Mahindra Auto Steel Private Limited ('MASPL') improved its performance during the year through an optimal product mix. During the current financial year, MASPL's income for the year was higher at Rs. 107.46 crores as against Rs. 69.66 crores in the previous year and the total comprehensive income for the year was Rs. 7.21 crores as against Rs. 6.80 crores in the previous year, provision for tax being higher during the year owing to deferred tax adjustments.

Mahindra MSTC Recycling Private Limited (MMRPL)

Mahindra MSTC Recycling Private Limited ('MMRPL') was incorporated on 16th December, 2016, primarily to carry on the business of setting up of shredding plants and collection centres for recycling of end of life vehicles and end of life white goods. During the current financial year, MMRPL's income for the year was Rs. 0.03 crores and the total comprehensive loss was Rs. 0.93 crores. The total investment of your Company in MMRPL as on 31st March, 2017 stood at Rs. 3.10 crores.

STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013:

A Report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company, is provided in Form AOC-1, as **Annexure I** and forms part of this Annual Report.

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 2016 and ranked 3rd in Manufacturing sector and overall ranked 27th in India.

Your company was awarded the first place in **Employee Involvement & Development at the CII 9th National Cluster Summit in Delhi**.

Your company was awarded the first place in People Initiatives at the Manufacturing Today, Regional Awards, at Vadodara.

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 (+) 62% - an increase of 7 percentage points over previous year.

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 ('CSR') Committee had formulated and recommended the CSR 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 school at Jambhul, and junior college at Kanhe 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.

To provide self-employment opportunity for the women in local villages, a women's community center, Asmita Bhavan, was constructed at Sudumbre village near Kanhe. To improve hygiene infrastructure in schools, toilet blocks were constructed at a school in Kanhe. The toilet blocks will be maintained by the said school.

To improve recreational facilities for children, garden equipment were provided in a village near the Vadodara service center 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 spend Rs. 192.8 Lakhs on its CSR activities. The mandated spend on the CSR activities of your Company for the year ended 31st March, 2017 i.e. an amount equal to 2% of the average net profit for the past three financial years was Rs. 192.43 Lakhs.

A detailed Annual report on Corporate Social Responsibility activities is enclosed as **Annexure II** and forms part of this report.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Policy on Prevention of Sexual Harassment of Women in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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.

APPOINTMENT OF REGISTRAR & SHARE TRANSFER AGENT

Pursuant to SEBI order against Sharepro Services (India) Private Limited, erstwhile Registrar & Share Transfer Agents of the Company, restraining it from buying, selling or dealing in the securities market, the Board of Directors of your Company at their Meeting held on 20th July, 2016, have approved the appointment of M/s. Karvy Computershare Private Limited, as the Registrar & Share Transfer Agents of the Company.

POLICY ON 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, the Board of Directors of your Company had approved:

- Policy on 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:

Your company follows the principles of sustainable development for successful business to ensure long term value creation for all stakeholders.

Sustainability at your company is an integral part of the corporate culture and behavior in business and ensure a close link to the strategic & operational part of the business and commitment from management.

A number of initiatives have been undertaken by the Company and its subsidiaries during the year ended 31st March 2017, including installation of a rooftop solar energy generating at the Kanhe plant of Mahindra Steel Service Centre Limited.

Your company has been a part of Mahindra group Sustainability reporting and initiators of various sustainable practices.

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.

AWARD

Your company has been the recipient of the following award during the year:

Runner up award for Operational Excellence – Nashik Plant at the Manufacturing Today Awards 2016

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.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2017 stood at Rs. 46.75 crores divided into 2,80,00,000 equity shares of Rs. 10/- each and 18,75,000 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 31st March, 2017, 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.

BOARD OF DIRECTORS

Composition:

Presently, the Board comprises of the following eight Directors:

Name of the Director and 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

Name of the Director and DIN	Designation	Executive/Non-Executive Director	Independent/ Non-Independent Director
Mr. Sumit Issar (06951249)	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. Zhooben Bhiwandiwala (DIN: 00110373) was re-appointed as the Executive Vice–Chairman (Executive Director) by way of Special Resolution passed at the 2016-2017/1st Extra – Ordinary General Meeting of the Company held on 2nd November, 2016 for a period of 3 years i.e. with effect from 17th January, 2017 to 16th January, 2020.

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. Bharat Doshi and Mr. Pravin Shah 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 27th April, 2016, 20th July, 2016, 12th September, 2016, 2nd November, 2016, 29th January, 2017 and 28th March, 2017. All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days. The 38th Annual General Meeting of the Company was held on 24th June, 2016.

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. Bharat Doshi	6
Mr. Zhooben Bhiwandiwala	4
Mr. Sumit Issar	6
Mr. Rajeev Dubey	4
Mr. Pravin Shah	5
Mr. Parag Shah	3
Mr. Sudhir Mankad	6
Dr. Punita Kumar-Sinha	6

Meeting of Independent Directors

The Independent Directors of the Company met on 19th December, 2016 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 from the Committee Members through a structured evaluation questionnaire 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.

As per the provisions of Schedule IV of the Companies Act, 2013, the Board evaluated the performance of Independent Directors, excluding the Director being evaluated, through a structured questionnaire, encompassing the variety of questions that would assist in evaluation.

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:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;

(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 31st March, 2017 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) The Company has laid down internal financial controls. The Company has also assessed the adequacy of the Company's internal controls over financial reporting as of 31st March, 2017 and have found them to be adequate.

(vi) 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 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 composition of Audit Committee is as follows:

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 27th April, 2016, 20th July, 2016, 2nd November, 2016 and 28th March, 2017.

The attendance of the Directors at the Meetings of the Audit Committee were as under:

Name of the Director	No. of Meetings attended
Mr. Sudhir Mankad	4
Mr. Rajeev Dubey	3
Dr. Punita Kumar-Sinha	4

All the recommendations of the Audit Committee were accepted by the Board.

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 thrice during year, i.e. 27th April, 2016, 20th July, 2016 and 2nd November, 2016.

The attendance of the Directors at the Meeting of the Nomination and Remuneration Committee were as under:

Name of the Director	No. of Meetings attended
Mr. Bharat Doshi	3
Mr. Rajeev Dubey	1
Mr. Sudhir Mankad	3
Dr. Punita Kumar-Sinha	3

Corporate Social Responsibility (CSR) Committee

The composition of the CSR Committee is as follows:

Name of the Director	Designation
Mr. Zhooben Bhiwandiwala	Chairman
Mr. Sumit Issar	Member
Mr. Sudhir Mankad	Member

The CSR Committee by way of a circular resolution passed on 19th July, 2016 recommended to the Board of Directors of the Company the CSR Activities and details of amount spent for the Financial Year 2016-2017.

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:

Mr. Zhooben Bhiwandiwala - Executive Vice-Chairman (re–appointed w.e.f. 17th January, 2017)

Mr. Sumit Issar - Managing Director

Mr. Percy Mahernosh - Chief Financial Officer

Ms. Romali Malvankar - Company Secretary

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 39th Annual General Meeting.

Pursuant to the provisions of section 139(2) of the Companies Act, 2013 ('the Act') read with Companies (Audit and Auditors) Rules, 2014 (effective from 1st April, 2014), an unlisted public company having paid-up share capital of Rs. 10 crores or more shall not re-appoint an audit firm as auditors for two terms of five consecutive years.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration No. 117365W), the present Statutory Auditors, have already completed their maximum tenure as Statutory Auditors of the Company as provided under the Companies Act, 2013 and relevant rules thereunder, hence they cannot be appointed as the Statutory Auditors for any further term.

Your Directors propose to appoint M/s. BSR & Co. LLP (a KPMG Member Firm) Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company for a period of five consecutive years to hold office from the conclusion of the 39th Annual General Meeting

until the conclusion of the 44th Annual General Meeting of the Company to be held in the year 2022.

As required under the provisions of sections 139 and 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. BSR & Co., LLP, to the effect that their 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 Act.

Members of the Company will be required to appoint Statutory Auditors of the Company for a period of five consecutive years to hold office from the conclusion of the 39th Annual General Meeting until the conclusion of the 44th Annual General Meeting and to fix their remuneration.

The Auditors' Report for the year ended 31st March, 2017 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 31st March, 2017. The Board at its meeting held on 27th April, 2017 re-appointed Mr. Mario Nazareth as the Internal Auditor of your Company for the year ending 31st March, 2018.

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. Martinho Ferrao & Associates, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended 31st March, 2017 and onwards.

A Secretarial Audit Report for the financial year ended 31st March, 2017 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as **Annexure IV** and forms part of this report.

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 27th April, 2016 to audit the cost accounts of your Company for the financial year ended 31st March, 2017. Remuneration of the Cost Auditor was ratified by the Members at the 38th Annual General Meeting held on 24th June, 2016. The said appointment was subsequently intimated to 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 27th April, 2017 to audit the cost accounts for the financial year ending 31st March, 2018. The Members of the Company would be required to ratify the remuneration of Rs. 1,72,541/- (Rupees One Lakh Seventy Two Thousand Five Hundred and Forty One Only) (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 a cash settled Stock Appreciation Rights (SARs) Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 19,347 SARs were granted during the year to eligible employee of the Company by the Nomination and Remuneration Committee (NRC) at its meeting held on 2nd November, 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, guarantees and securities provided, are given under the notes to the audited financial statements 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 31st March, 2017 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 behavioral safety at work. There were no reportable accidents at any location of the Company during the year ended 31st March, 2017. The Company's Vadodara plant got the First award on Safety Best Practices competition by Manufacturing Today. As an Innovative concept, a Safety kiosk to impart safety training to visitors has been installed at the Kanhe plant of the Company's Subsidiary, Mahindra Steel Service Centre Limited. Statutory requirements related to environmental legislations and environment protection, have been 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 an 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:

The Managing Director or the Whole-time Director of the Company did not receive any remuneration or commission from any of the subsidiaries of your Company.

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:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- 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.
- 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.

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, 27th April, 2017

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	5
		Mahindra Steel Service Centre Limited	**Mahindra Auto Steel Private Limited**	**Mahindra Electrical Steel Private Limited**	**Mahindra Middle East Electrical Steel Service Centre[FZC]**	**Mahindra MSTC Recycling Private Limited**
1.	The date since when subsidiary was acquired	11th November, 2009	12th December, 2013	10th June, 2009	8th August, 2004	16th December, 2016
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017
3.	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	INR
4.	Share capital	16.54	68.50	0.30	3.57	6.20
5.	Reserves & surplus	81.62	10.42	(1.21)	26.80	(0.94)
6.	Total assets	186.51	116.90	7.33	70.30	5.48
7.	Total Liabilities	186.51	116.90	7.33	70.30	5.48
8.	Investments	–	2.50*	–	–	–
9.	Turnover	244.36	107.46	–	68.24	0.03
10.	Profit before taxation	5.32	11.26	(1.05)	0.76	(0.92)
11.	Provision for taxation	1.96	4.04	(0.28)	–	0.01
12.	Profit after taxation	3.36	7.22	(0.77)	0.76	(0.93)
13.	Total comprehensive income	3.31	7.21	(0.77)	0.76	(0.93)
14.	Proposed Dividend	0.68	1.51	–	–	–
15.	% Extent of shareholding (in percentage)	61%	51%	100%	90%	50%
Names of subsidiaries which are yet to commence operations						
1.	Mahindra Electrical Steel Private Limited					
2.	Mahindra MSTC Recycling 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

Name of Associates/Joint Ventures: N.A.

1) Latest audited Balance Sheet Date –N.A.
2) Date on which the Associate or Joint Venture was associated or acquired–N.A.
3) Shares of Associate/Joint Ventures held by the company on the year end–N.A.
   - Number
   - Amount of Investment in Associates/Joint Venture
   - Extend of Holding %
4) Description of how there is significant influence–N.A.
5) Reason why the associate/ joint venture is not consolidated–N.A.
6) Networth attributable to Shareholding as per latest audited Balance Sheet–N.A.
7) Profit/Loss for the year–N.A.
   - Considered in Consolidation
   - Not Considered in Consolidation

1. **Names of associates or joint ventures which are yet to commence operations –** N.A.
2. **Names of associates or joint ventures which have been liquidated or sold during the year –** N.A.

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

Bharat Doshi
Chairman

Zhooben Bhiwandiwala
Executive Vice-Chairman

Sumit Issar
Managing Director

Percy Mahernosh
Chief Financial Officer

Romali M. Malvankar
Company Secretary

Mumbai, 27th April, 2017

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 undertaken and a reference to the web link to the CSR policy and projects and 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.

A reference to the web link to the CSR policy and projects and programmes :- www.mahindraintertrade.com.

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. Zhooben Bhiwandiwala (Chairman), Mr. Sudhir Mankad (Member) and Mr. Sumit Issar (Member).

(3) Average net profit of the company for last three financial years: Rs. 9621.56 Lakhs.

(4) Prescribed CSR Expenditure (2% of the amount as in Item 3 above): Rs. 192.43 Lakhs.

(5) Details of CSR spend during the financial year.

(a) Total amount spend for the financial year: Rs. 192.80 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)
(1)	CSR project or activity identified	Construction of Junior College at Kanhe village	Construction of toilet blocks for Mukane school	Construction of Community hall for women / sr. citizens at Sudumbare village	Sewing machines to differently abled	Construction of additional classrooms (2nd floor) at ZP School, Gonde village	Play park equipment at Bhardhawa village	Drawing competition on Swacch Bharat at Kanhe school	Tree Plantation in plant
(2)	Sector in which the project is covered	Education	Education	Health, Environment & Infra	Education	Education	Environment	Education	Environment
(3)	Amount outlay (budget project or programme wise	Rs. 12,00,000	Rs. 11,00,000	Rs. 15,00,000	Rs. 1,50,000	Rs. 28,00,000	Rs. 50,000	–	Rs. 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) Nashik district, Maharashtra	(1) Local (2) Kanhe district, Maharashtra	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Kanhe 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. 12,31,553 (2) 0	(1) Rs. 13,54,791 (2) 0	(1) Rs. 13,38,463 (2) 0	(1) Rs. 1,43,533 (2) 0	(1) Rs. 26,86,978 (2) 0	(1) Rs. 48,363 (2) 0	(1) Rs. 20,140 (2) 0	(1) Rs. 13,775 (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	Direct

Sr. No.	Particulars	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(1)	CSR project or activity identified	Tree Plantation	Tree Plantation	Eye checkup plus Distribution of glasses	K-yan (e learning center)	Donation to Indian Cancer Society	Girl's hostel assessment expenses	Donation of equipment to sub-Health Center (SHC)	Swacch Bharat Abhiyan
(2)	Sector in which the project is covered	Environment	Environment	Health	Education	Health	Education	Health	Environment
(3)	Amount outlay (budget project or programme wise)	Rs. 1,00,000	Rs. 2,00,000	–	Rs. 10,00,000	Rs. 1,00,000	-	Rs. 50,000	Rs. 10,000
(4)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	(1) Local (2) Kanhe district, Maharashtra	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Mumbai district, Maharashtra	(1) Local (2) Kanhe 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. 42,000 (2) 0	(1) Rs. 1,84,841 (2) 0	(1) Rs. 29,000 (2) 0	(1) Rs. 10,61,819 (2) 0	(1) Rs. 1,00,000 (2) 0	(1) Rs. 17,250 (2) 0	(1) Rs. 45,465 (2) 0	(1)Rs. 2,100 (2) 0

Sr. No.	Particulars	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(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	Direct

Sr. No.	Particulars	(17)	(18)	(19)	(20)	(21)	Total
(1)	CSR project or activity identified	Blood donation camp	Need assessment survey	Construction of Aanganwadi	K-Yan (e learning center at ZP school, Gonde village)	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	–
(2)	Sector in which the project is covered	Health	Education	Education	Education	Education	–
(3)	Amount outlay (budget project or programme wise	Rs. 10,000	Rs. 50,000	–	Rs. 3,50,000	Rs. 1,10,00,000	Rs. 1,97,20,000
(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, Gujarat	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Others (2) Maharashtra and contiguous states	–
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	(1) Rs. 3,371 (2) 0	(1) Rs. 25,000 (2) 0	(1) Rs. 4,000 (2) 0	(1) Rs. 3,00,828 (2) 0	(1) Rs. 1,06,22,800 (2) 0	(1) Rs. 1,92,76,070 (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	–
(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 - 400001.

(6) The Company has spent 2% of the average net profit of the last three financial years 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	**Zhooben Bhiwandiwala**
Chairman	Chairman, CSR Committee

Mumbai, 27th April, 2017

ANNEXURE III TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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 ON 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.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 27th April, 2017

ANNEXURE IV TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 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 **Mahindra Intertrade Limited'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 31st March, 2017**, 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, 2017** 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 for the year under review**

(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 for the year under review**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are Not Applicable to the 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 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;

(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 (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.

As represented by the Company, there is/are no sector specific laws applicable to the Company.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable**

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.

We further report that:

1. 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.

2. 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 or on a shorter notice with the consent of the Directors, 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.
3. 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 the following, there were no specific events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc:

1. The Members of the Company at their Extraordinary General Meeting held on 02nd November, 2016 passed Special Resolution in supersession of the Ordinary Resolution under section 180(1)(c) in respect of the borrowings of the Company (remaining unchanged) at Rs. 100 Crores at any point of time.
2. The Members of the Company at their Extraordinary General Meeting held on 02nd November, 2016 passed Special Resolution in supersession of the Ordinary Resolution under section 180(1)(a) for creation of charge on the assets of the Company to secure the borrowings of the Company for an aggregate amount not exceeding Rs. 100 Crores (remaining unchanged) at any point of time.

For **Martinho Ferrao & Associates,**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No 6221
CP No. 5676

Mumbai, 27th April, 2017

ANNEXURE A'

To,
The Members,
Mahindra Intertrade Limited

Our report 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 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 **Martinho Ferrao & Associates**
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
CP No. 5676

Mumbai, 27th April, 2017

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:

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:

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
Mahindra and Mahindra Limited (Ultimate Holding Company)	Sale of processed steel	Recurring	Sale of processed steel at prices negotiated based on domestic/ international steel prices; (ii) payment terms - immediate (payment is generally received in 10 days). The actual value of transaction for the year ended 31st March, 2017 is Rs. 172.80 crores.	Not Applicable (Refer Note)	Nil

Note: The above transaction is at arm's length and is 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 meetings held on 20th July, 2016, 2nd November, 2016 and 27th April, 2017.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 27th April, 2017

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2017

[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		20th 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 Share Transfer Agent, if any		Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032, India Tel No. 91-40-67162222 email: einward.ris@karvy.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	89%

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 Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Ultimate Holding Company	100.00*	2(46)
2	Mahindra Vehicle Manufacturers Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U34100MH2007PLC171151	Holding Company	100.00	2 (46)
3	Mahindra Steel Service Centre Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U27100MH1993PLC070416	Subsidiary Company	61.00	2(87)(ii)
4	Mahindra Electrical Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U27100MH2009PTC193205	Subsidiary Company	100.00	2(87)(ii)
5	Mahindra Auto Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U27100MH2013PTC250979	Subsidiary Company	51.00	2(87)(ii)
6	Mahindra MiddleEast Electrical Steel Service Centre (FZC) Sharjah Airport International Free Zone, P3-11/12, P. O. Box – 8114, Sharjah, UAE	N.A.	Subsidiary Company	90.00	2(87)(ii)
7	Mahindra MSTC Recycling Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018	U37100MH2016PTC288535	Subsidiary Company	50.00	2(87)(i)

* Through Mahindra Vehicle Manufacturers Limited

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 (as on 1st April 2016)				No. of Shares held at the end of the year (as on 31st March 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	–	–	–	–	–	–	–	–	–
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	27,100,000	7	27,100,007	100	27,100,000	7	27,100,007	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	**27,100,000**	**7**	**27,100,007**	**100**	**27,100,000**	**7**	**27,100,007**	**100**	**–**
(2) Foreign									
a) NRIs–Individuals	–	–	–	–	–	–	–	–	–
b) Other -Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**27,100,000**	**7**	**27,100,007**	**100**	**27,100,000**	**7**	**27,100,007**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
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):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B) (1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**27,100,000**	**7**	**27,100,007**	**100**	**27,100,000**	**7**	**27,100,007**	**100**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2016)			Share holding at the end of the year (as on 31st March 2017)			% 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 Vehicle Manufacturers Ltd. (Demat)	27,100,000	100.00	–	27,100,000	100.00	–	100.00
2.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Vijay Arora	1	–	–	1	–	–	0.00
3.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Narayan Shankar	1	–	–	1	–	–	0.00
4.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Zhooben Bhiwandiwala	1	–	–	1	–	–	0.00
5.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Pravin Shah	1	–	–	1	–	–	0.00
6.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Sumit Issar	1	–	–	1	–	–	0.00
7.	# Mahindra Vehicle Manufacturers Ltd. Jointly with Mr. Percy Mahernosh	1	–	–	1	–	–	0.00
8.	# Mahindra Vehicle Manufacturers Ltd. (physical)	1	–	–	1	–	–	0.00
	Total	**27,100,007**	**100.00**	–	**27,100,007**	**100**	–	**100**

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 (Please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year (as on 1st April 2016)		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 – 01.04.2016	–	–	–	–
	Date wise increase/decrease in promoter shareholding during the year specifying the reason for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the end of the year – 31.03.2017	–	–	–	–

(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 1st April 2016)		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 – 01.04.2016	–	–	–	–
	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 – 31.03.2017	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (as on 1st April 2016)		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 Vehicle Manufacturers Ltd. jointly with Mr. Zhooben Bhiwandiwala**				
	At the beginning of the year – 01.04.2016	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.)	–	–	–	–
	At the end of the year – 31.03.2017	**1**	–	**1**	–
2	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Pravin Shah**				
	At the beginning of the year – 01.04.2016	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.)	–	–	–	–
	At the end of the year – 31.03.2017	**1**	–	**1**	–
3	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Sumit Issar**				
	At the beginning of the year – 01.04.2016	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.)	–	–	–	–
	At the end of the year – 31.03.2017	**1**	–	**1**	–
4	**Mahindra Vehicle Manufacturers Ltd. jointly with Mr. Percy Mahernosh**				
	At the beginning of the year – 01.04.2016	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.)	–	–	–	–
	At the end of the year – 31.03.2017	**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
Indebtedness at the beginning of the financial year				
i) Principal Amount	0.09	–	–	0.09
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**0.09**	–	–	**0.09**

(Rs. in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	0.68	4.55	–	5.23
• Reduction	–	–	–	–
Net Change	**0.68**	**4.55**	**–**	**5.23**
Indebtedness at the end of the financial year				
i) Principal Amount	0.77	4.53	–	5.30
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.02	–	0.02
Total (i+ii+iii)	**0.77**	**4.55**	**–**	**5.32**

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. Zhooben Bhiwandiwala (Executive Vice-Chairman)	Mr. Sumit Issar (Managing Director)	
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	75.43	75.43
	b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	–	1.55	1.55
	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	29.15	#23.44	52.59
5.	Others, please specify			
	Stock Appreciation Rights	–	23.53	23.53
	Contribution to funds	–	4.77	4.77
	Total (A)	**29.15**	**128.72**	**157.87**
	Ceiling as per the Act (being 10% of the net profits calculated as per Section 198 of the Companies Act, 2013)	–	–	906.70

Estimated @100% achievement.

B. Remuneration to other directors:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amounts
		Mr. Bharat Doshi	Mr. Parag Shah	Mr. Sudhir Mankad	Dr. Punita Kumar Sinha	
1	**Independent Directors**					
	• Fee for attending board/committee meetings	–	–	3.20	3.20	6.40
	• Commission	–	–	6.00	6.00	12.00
	• Others, please specify	–	–	–	–	–
	Total (1)	–	–	**9.20**	**9.20**	**18.40**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amounts
		Mr. Bharat Doshi	Mr. Parag Shah	Mr. Sudhir Mankad	Dr. Punita Kumar Sinha	
2	**Other Non-Executive Directors**					
	• Fee for attending board/committee meetings	2.40	–	–	–	2.40
	• Commission	12.00	5.83	–	–	17.83
	• Others, please specify	–	–	–	–	–
	Total (2)	**14.40**	**5.83**	**–**	**–**	**20.23**
	Total (B)=(1+2)	**14.40**	**5.83**	**9.20**	**9.20**	**38.63**
	#Total Managerial Remuneration	**–**	**–**	**–**	**–**	**196.50**
	Overall Ceiling as per the Act (being 1% of the net profits calculated as per Section 198 of the Companies Act, 2013)	–	–	–	–	90.66

Total remuneration to Managing Director, Whole-Time Director and Other Directors (being the total of A and B)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CS	CFO	
		Ms. Romali Malvankar	Mr. Percy Mahernosh	
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	–	50.64	50.64
	b) Value of perquisites under section 17(2) of the Income–tax Act, 1961	–	21.42	21.42
	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	–	–	–
5.	Others, please specify –	–	–	–
	Fees	4.03	–	4.03
	Stock Appreciation Rights	–	4.78	4.78
	Contribution to funds	–	7.29	7.29
	Total	**4.03**	**84.13**	**88.16**

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)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 27th April, 2017

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. Efforts have resulted in to saving of Rs 5.63 lakhs.

(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: **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 crores)

	For the Financial Year ended 31st March 2017	*For the Financial Year ended 31st March 2016
Total Foreign Exchange Earned	**15.35**	13.78
Total Foreign Exchange Used	**278.26**	327.16

* Figures restated as per the new Accounting Standard Ind AS.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Intertrade Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mahindra Intertrade Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity 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, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, 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 Ind AS financial statements - Refer Note 30(i) to the Ind AS 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.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 46 to the Ind AS financial statements.

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: 27th April, 2017.

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 Ind AS financial statements for the year ended 31st March, 2017)

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 31st March, 2017 in conjunction with our audit of the Ind AS 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 31st March, 2017, 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: 27th April, 2017.

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 Ind AS financial statements for the year ended 31st March, 2017)

(i) In respect of its Property, plant and equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.

(b) The Company has a program of verification of Property, plant and equipment 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.

(c) 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 buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(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 Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans and making investments. The Company has not provided guarantees and securities.

(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 31st March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax and Value Added Tax which have not been deposited as on March 31, 2017 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 Gujrat Value Added Tax 2003	VAT	The Joint Commissioner of Commercial Tax [Appeals]	2010-2011	0.01	*
The Central Sales Tax Act 1956 (Gujrat)	CST	The Joint Commissioner of Commercial Tax [Appeals]	2010-2011	1.15	0.25

* Represents amount less than Rs. 50,000

(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) 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 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 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-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)

Place of Signature: Mumbai
Date: 27th April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Rs. in Crores

	Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A	**ASSETS**				
	1 Non-current assets				
	a) Property, plant and equipment	5	**47.59**	39.09	42.48
	b) Capital work-in-progress		**0.37**	11.70	–
	c) Goodwill		–	–	–
	d) Other intangible assets	6	**0.03**	0.05	0.07
	e) Financial assets				
	(i) Investments	7	**96.30**	90.94	92.14
	(ii) Loans	8	**0.14**	0.14	0.32
	f) Other non-current assets	9	**4.93**	3.68	3.70
	Total non-current assets		**149.36**	145.60	138.71
	2 Current assets				
	a) Inventories	10	**162.06**	183.20	160.75
	b) Financial assets				
	(i) Investments	7	**57.55**	35.63	11.00
	(ii) Trade receivables	11	**216.01**	172.62	205.23
	(iii) Cash and cash equivalents	12	**10.78**	4.75	6.30
	(iv) Bank balances other than (iii) above	12	**85.45**	53.81	27.00
	(v) Loans	8	**10.00**	–	0.02
	(vi) Others	13	**2.93**	1.48	0.56
	c) Other current assets	9	**10.93**	8.31	8.70
	Total current assets		**555.71**	459.80	419.56
	Total assets (1+2)		**705.07**	605.40	558.27
B	**EQUITY AND LIABILITIES**				
	1 EQUITY				
	a) Equity share capital	14	**16.60**	16.60	16.60
	b) Other equity	15	**479.94**	444.15	400.83
	Total equity		**496.54**	460.75	417.43
	LIABILITIES				
	2 Non-current liabilities				
	a) Financial liabilities				
	Trade payables	16	**0.38**	0.39	0.07
	b) Provisions	17	**3.93**	2.90	2.21
	c) Deferred tax liabilities (Net)	19	**3.29**	3.16	3.75
	Total non-current liabilities		**7.60**	6.45	6.03
	3 Current liabilities				
	a) Financial liabilities				
	(i) Borrowings	20	**4.53**	–	–
	(ii) Trade payables	16	**176.89**	124.45	122.65
	(iii) Other financial liabilities (Other than those specified in (c) below)	21	**6.74**	2.45	1.07
	b) Other current liabilities	22	**9.35**	7.88	9.89
	c) Provisions	17	**1.20**	0.90	0.63
	d) Current tax liabilities (Net)		**2.22**	2.52	0.57
	Total current liabilities		**200.93**	138.20	134.81
	Total equity and liabilities (1+2+3)		**705.07**	605.40	558.27

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 27 April, 2017

For and on behalf of board of directors

Bharat Doshi — Chairman

Zhooben Bhiwandiwala — Executive Vice-Chairman

Sumit Issar — Managing Director

Sudhir Mankad, **Parag Shah** — Directors

Percy Mahernosh — Chief Financial Officer

Romali Malvankar — Company Secretary

Place : Mumbai
Date : 27 April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Rs. in Crores

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	23	**991.50**	1,097.92
II	Other income	24	**15.70**	9.34
III	**Total revenue (I + II)**		**1,007.20**	1,107.26
IV	**Expenses**			
	a) Cost of materials consumed	25	**716.54**	780.06
	b) Purchases of stock-in-trade (Steel products)		**71.75**	83.21
	c) Changes in inventories finished goods, work-in-progress and stock-in-trade	26	**(4.79)**	6.97
	d) Excise duty on sale of goods (including scrap sales)		**79.81**	91.14
	e) Employee benefits expense	27	**16.76**	15.19
	f) Finance costs	28	**1.24**	1.36
	g) Depreciation and amortisation expense	5 & 6	**5.72**	4.59
	h) Other expenses	29	**29.88**	28.77
	Total expenses (IV)		**916.91**	1,011.29
V	**Profit before tax (III - IV)**		**90.29**	95.97
VI	**Tax expense**			
	a) Current tax	18	**30.32**	33.42
	b) Deferred tax	19	**0.30**	(0.44)
	Total tax expense		**30.62**	32.98
VII	**Profit after tax for the year (V - VI)**		**59.67**	62.99
VIII	**Other comprehensive income**		**0.32**	0.28
	(i) Items that will not be reclassified to profit or loss			
	– Remeasurements of the defined benefit liabilities/(asset)		**0.49**	0.43
	(ii) Income tax relating to items that will not be reclassified to profit or loss	19	**(0.17)**	(0.15)
IX	**Total comprehensive income for the year (VII - VIII)**		**59.35**	62.71
X	**Earnings per equity share (of Rs. 10 each):**			
	Basic/Diluted (Rs.)	40	**35.95**	37.95

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 27 April, 2017

For and on behalf of board of directors

Bharat Doshi — Chairman

Zhooben Bhiwandiwala — Executive Vice-Chairman

Sumit Issar — Managing Director

Sudhir Mankad, **Parag Shah** — Directors

Percy Mahernosh — Chief Financial Officer

Romali Malvankar — Company Secretary

Place : Mumbai
Date : 27 April, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash flow from operating activities		
Profit after tax	**59.67**	62.99
Adjustments for:		
Income tax expense recognised in profit and loss statement	**30.62**	32.98
Finance costs	**1.24**	1.36
Depreciation and amortisation expense	**5.72**	4.59
Dividend income	**(4.65)**	(4.74)
Interest income	**(6.69)**	(3.78)
Gain on sale of current investments	**(0.67)**	(0.02)
Net (gain)/loss on foreign exchange transactions and translations	**(2.84)**	(0.35)
Bad debts written off	**0.05**	–
Net gain arising on financial assets designated as at FVTPL	**(2.03)**	(0.76)
Fair value loss on financial instruments at fair value through profit or loss	**4.21**	0.50
Net loss/(gain) on sale/scrapped/write off of property, plant and equipment	**0.04**	*
Loss arising on derecognition of financial assets	**–**	0.26
	25.00	30.04
Operating profit before working capital changes	**84.67**	93.03
Changes in working capital:		
Decrease/(increase) in inventories	**21.14**	(22.45)
(Increase)/decrease in trade receivable	**(43.49)**	32.61
(Increase)/decrease in other assets	**(2.61)**	0.38
Increase in trade payables	**54.72**	2.48
Increase in provision	**1.27**	0.53
Increase/(decrease) in other liabilities	**1.55**	(2.05)
	32.58	11.50
Cash generated from operations	**117.25**	104.53
Net income tax paid	**(30.69)**	(31.52)
Net cash generated by operating activities (A)	**86.56**	73.01
B. Cash flow from investing activities		
Payment for property, plant and equipments	**(4.92)**	(12.07)
Proceeds from sale of property, plant and equipments (net)	**0.13**	0.09
Inter corporate deposits placed with related party	**(10.00)**	–
Inter corporate deposits refunded	**–**	0.17
Bank balances not considered as cash and cash equivalents		
– Placed	**(118.95)**	(175.61)
– Matured	**87.31**	148.80
Investment in equity shares of subsidiaries	**(3.35)**	–
Proceeds from redemption of investment in debentures	**–**	1.65

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current investments not considered as Cash and cash equivalents		
– Purchased	**(3,550.72)**	(1,967.62)
– Proceeds from sale	**3,529.44**	1,943.07
Interest received	**5.24**	2.85
Dividend received		
– Subsidiaries	**2.04**	2.90
– Others	**2.61**	1.84
Net cash used in investing activities (B)	**(61.17)**	(53.93)
C. Cash flow from financing activities		
Proceeds from borrowings	**5.44**	–
Dividend paid	**(19.92)**	(16.60)
Dividend distribution tax paid	**(3.64)**	(2.79)
Finance costs	**(1.24)**	(1.24)
Net cash used in financing activities (C)	**(19.36)**	(20.63)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**6.03**	(1.55)
Cash and cash equivalents at beginning of the year	**4.75**	6.30
Cash and cash equivalents at end of the year	**10.78**	4.75
	6.03	(1.55)

Reconciliation of Cash and cash equivalents with the Balance Sheet:
Cash and cash equivalents as per Balance Sheet (Refer Note 12)

See accompanying notes forming part of the financial statements

***** Represent gain on sale of Property, plant and equipment of Rs. 38,513

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 27 April, 2017

For and on behalf of board of directors

Bharat Doshi Chairman

Zhooben Bhiwandiwala Executive Vice-Chairman

Sumit Issar Managing Director

Sudhir Mankad, **Parag Shah** } Directors

Percy Mahernosh Chief Financial Officer
Romali Malvankar Company Secretary

Place : Mumbai
Date : 27 April, 2017

STATEMENT OF CHANGES IN EQUITY

Rs. in Crores

A. Equity share capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	**16.60**	16.60	16.60
Changes in equity share capital during the year	**–**	–	–
Balance at the close of the year	**16.60**	16.60	16.60

B. Other equity

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at April 1, 2015	**52.87**	**18.75**	**329.21**	**400.83**
Profit for the year	–	–	62.99	62.99
Other comprehensive income [Net of tax]	–	–	(0.28)	(0.28)
Total comprehensive income for the year	–	–	62.71	62.71
Dividend paid on equity shares (Rs. 10 per share on fully paid & Rs. 3 per share on partly paid equity share)	–	–	(16.60)	(16.60)
Dividend distribution tax	–	–	(2.79)	(2.79)
Balance as at March 31, 2016	**52.87**	**18.75**	**372.53**	**444.15**
Profit for the year	–	–	59.67	59.67
Other comprehensive income [Net of tax]	–	–	(0.32)	(0.32)
Total comprehensive income for the year	–	–	59.35	59.35
Dividend paid on equity shares (Rs. 12 per share on fully paid & Rs. 3.6 per share on partly paid equity share)	–	–	(19.92)	(19.92)
Dividend distribution tax	–	–	(3.64)	(3.64)
Balance as at March 31, 2017	**52.87**	**18.75**	**408.32**	**479.94**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Place : Mumbai
Date : 27 April, 2017

For and on behalf of board of directors

Bharat Doshi Chairman

Zhooben Bhiwandiwala Executive Vice-Chairman

Sumit Issar Managing Director

Sudhir Mankad, **Parag Shah** } Directors

Percy Mahernosh Chief Financial Officer
Romali Malvankar Company Secretary

Place : Mumbai
Date : 27 April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate information

Mahindra Intertrade Limited is a public limited company domiciled in India and is incorporated on 21 May, 1998 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018. The Company's main activity is steel processing from the plants located at Nashik and Vadodara. The Company is principally engaged in processing of automotive and electrical steel.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These financial statements for the year ended 31 March 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April, 2015. Refer Note 4 for information on how the Company adopted Ind AS.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest crores.

The financial statements were approved by the Board of Directors and authorised for issue on April 27, 2017.

2.2 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. 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. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Vehicles : 5 years

(b) Blanking Line (Nashik) : 20 years

2.3 Intangible asset acquired separately :

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects 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 loss.

2.4 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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). When 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The company measures its investment property at cost.

2.5 Inventories :

Inventories, except for Stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

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

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.6 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise.

2.7 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised 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. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset 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 party. 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 cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.8 Revenue recognition :

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of services:

Sale of services are recognised on rendering of such services.

Interest and dividend income:

Interest income is accounted on time proportionate basis. Dividend income is accounted for when the right to receive it is established.

2.9 Employee benefits :

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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 annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised 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 defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet 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 the 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.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.10 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.11 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. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2.12 Provisions :

Provisions are recognised 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 recognised 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.

2.13 Taxes on income :

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

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 liabilities and assets 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 the 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.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of 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.

Minimum Alternate Tax (MAT):

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.

2.14 Cash and cash equivalents:

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.

2.15 Cash Flow Statement :

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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.

2.16 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.17 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.

Company as a lessee:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease."

3 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.2	Property, plant & equipment
Note No. 2.3	Intangible asset aquired separately
Note No. 2.9	Employee benefits

4 First-time adoption of Ind AS – mandatory exceptions and optional exemptions :

4.1 Mandatory exceptions

4.1.1 Accounting estimates:

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP."

4.1.2 De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

4.1.3 Classification of debt instruments:

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as on the transition date.

4.1.4 Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

4.2 Optional exemptions:

4.2.1 Share-based payments:

The Company has availed the exemption to adopt Ind AS 102 for all options that have not vested as on the transition date.

4.2.2 Deemed cost for property, plant and equipment and intangible assets:

The Company has not elected the exemption of previous GAAP carrying value of all its Property, Plant and Equipment and Intangible Assets recognised as of 1 April 2015 (transition date) as deemed cost. Consequently, cost in respect of property, plant and equipment and intangible assets has been retrospectively remeasured in accordance with Ind AS.

Note 5 - Property, Plant and Equipment

Rs. in Crores

Description of Assets	Land - freehold	Buildings - freehold *	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost									
Balance as at April 1, 2016	**1.11**	**19.81**	**58.02**	**0.10**	**0.50**	**0.51**	**1.58**	**1.50**	**83.13**
Additions	–	3.37	9.71	0.26	0.05	0.04	0.05	0.89	14.37
Disposals	–	–	(0.18)	–	(0.05)	–	(0.12)	(0.21)	(0.56)
Balance as at March 31, 2017	**1.11**	**23.18**	**67.55**	**0.36**	**0.50**	**0.55**	**1.51**	**2.18**	**96.94**
II. Accumulated depreciation									
Balance as at April 1, 2016	**–**	**5.65**	**35.82**	**0.01**	**0.35**	**0.28**	**1.27**	**0.66**	**44.04**
Depreciation expense for the year	–	0.93	4.21	0.03	0.04	0.07	0.12	0.30	5.70
Eliminated on disposal of assets	–	–	(0.08)	–	(0.04)	–	(0.11)	(0.16)	(0.39)
Balance as at March 31, 2017	**–**	**6.58**	**39.95**	**0.04**	**0.35**	**0.35**	**1.28**	**0.80**	**49.35**
Net carrying amount (I-II)									
Balance as at March 31, 2017	**1.11**	**16.60**	**27.60**	**0.32**	**0.15**	**0.20**	**0.23**	**1.38**	**47.59**
Balance as at March 31, 2016	1.11	14.16	22.20	0.09	0.15	0.23	0.31	0.84	39.09

Description of Assets	Land – freehold	Buildings – freehold *	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost									
Balance as at April 1, 2015	**1.11**	**19.81**	**57.58**	**0.03**	**0.45**	**0.48**	**1.44**	**1.59**	**82.49**
Additions (refer note 45 (vi) (2))	–	–	0.44	0.07	0.08	0.03	0.25	0.39	1.26
Disposals	–	–	–	–	(0.03)	–	(0.11)	(0.48)	(0.62)
Balance as at March 31, 2016	**1.11**	**19.81**	**58.02**	**0.10**	**0.50**	**0.51**	**1.58**	**1.50**	**83.13**
II. Accumulated depreciation									
Balance as at April 1, 2015	**–**	**4.83**	**32.52**	**–**	**0.32**	**0.21**	**1.28**	**0.85**	**40.01**
Depreciation expense for the year (refer note 45 (vi) (2))	–	0.82	3.30	0.01	0.05	0.07	0.09	0.23	4.57
Eliminated on disposal of assets	–	–	–	–	(0.02)	–	(0.10)	(0.42)	(0.54)
Balance as at March 31, 2016	**–**	**5.65**	**35.82**	**0.01**	**0.35**	**0.28**	**1.27**	**0.66**	**44.04**
Net carrying amount (I-II)									
Balance as at March 31, 2016	**1.11**	**14.16**	**22.20**	**0.09**	**0.15**	**0.23**	**0.31**	**0.84**	**39.09**
Balance as at March 31, 2015	1.11	14.98	25.06	0.03	0.13	0.27	0.16	0.74	42.48

* 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.

Note 6 - Other intangible assets

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2016	**0.58**	**0.47**	**1.05**
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2017	**0.58**	**0.47**	**1.05**
II. Accumulated amortisation			
Balance as at April 1, 2016	**0.53**	**0.47**	**1.00**
Amortisation expense for the year	0.02	–	0.02
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2017	**0.55**	**0.47**	**1.02**
Net carrying amount (I-II)			
Balance as at March 31, 2017	**0.03**	**–**	**0.03**
Balance as at March 31, 2016	0.05	–	0.05

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2015	**0.58**	**0.47**	**1.05**
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2016	**0.58**	**0.47**	**1.05**
II. Accumulated amortisation			
Balance as at April 1, 2015	**0.51**	**0.47**	**0.98**
Amortisation expense for the year	0.02	–	0.02
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2016	**0.53**	**0.47**	**1.00**
Net carrying amount (I-II)			
Balance as at March 31, 2016	**0.05**	**–**	**0.05**
Balance as at March 31, 2015	0.07	–	0.07

Note 7 - Investments

Rs. in Crores

Particular	As at March 31, 2017 QTY	Amounts Current	Amounts Non-current	As at March 31, 2016 QTY	Amounts Current	Amounts Non-current	As at April 1, 2015 QTY	Amounts Current	Amounts Non-current
A. Investment carried at cost									
Unquoted investments (all fully paid)									
Investments in equity instruments of subsidiaries									
a) Equity shares of USD 550 each in Mahindra Middle East Electrical Steel Service Centre (FZC), Sharjah	**900**	–	**2.25**	900	–	2.25	900	–	2.25
b) Equity shares of Rs 10 each in Mahindra Electrical Steel Private Limited	**300,000**	–	**0.30**	50,000	–	0.05	50,000	–	0.05
c) Equity shares of Rs 10 each in Mahindra Steel Service Centre Limited	**10,089,257**	–	**42.45**	10,089,257	–	42.45	10,089,257	–	42.45
d) Equity shares of Rs 10 each in Mahindra Auto Steel Private Limited.	**34,935,000**	–	**34.93**	34,935,000	–	34.93	34,935,000	–	34.93
e) Equity shares of Rs 10 each in Mahindra MSTC Recycling Private Limited	**3,100,000**	–	**3.10**	–	–	–	–	–	–
Investment carried at cost [A]	**–**	**–**	**83.03**	–	–	79.68	–	–	79.68
B. Investments carried at fair value through profit and loss									
Unquoted investments									
Investments in equity instruments (all fully paid)									
500 Ordinary shares of Rs.1,000 each fully paid up in Seeker Fashions Private Limited	**500**	–	–	500	–	–	500	–	–
Investments in mutual funds									
a) Franklin India TMA - Super IP - Growth	**41,240**	**10.01**	–	–	–	–	–	–	–
b) UTI Money Market - IP - Growth	**41,293**	**7.50**	–	–	–	–	–	–	–
c) Mahindra Liquid Fund - Reg - Growth	**95,147**	**10.01**	–	–	–	–	–	–	–
d) Axis Liquid Fund - Growth	**55,659**	**10.01**	–	–	–	–	–	–	–
e) Tata Money Market Fund - Reg - Growth	**39,168**	**10.00**	–	–	–	–	–	–	–
f) ICICI Prudential Money Market Fund - Reg - Growth	**446,682**	**10.02**	–	–	–	–	–	–	–
g) Taurus Liquid Fund - Existing	–	–	–	–	–	–	72,759	11.00	–
h) JM High Liquidity - Growth	–	–	–	1,938,191	8.01	–	–	–	–
i) Kotak Floater - ST - Reg - Growth	–	–	–	32,269	8.01	–	–	–	–

Rs. in Crores

Particular	As at March 31, 2017 QTY	Amounts Current	Non-current	As at March 31, 2016 QTY	Amounts Current	Non-current	As at April 1, 2015 QTY	Amounts Current	Non-current
j) IDFC Cash Fund - Reg - Growth.....	–	–	–	43,568	8.01	–	–	–	–
k) Birla Sun Life Cash Plus - Reg - Growth...	–	–	–	61,845	1.50	–	–	–	–
l) HDFC Floating Rate Income Fund - STF....	–	–	–	3,867,375	10.10	–	–	–	–
		57.55	–		35.63	–		11.00	–
Investments in optionally convertible debentures									
– of Subsidiaries (refer Note below)									
0.25% Optionally Convertible Unsecured Debentures of Rs 1,000 each in Mahindra Electrical Steel Private Limited *.....	**91,000**	–	**13.27**	91,000	–	11.26	107,500	–	12.46
Investment carried at FVTPL [B]		**57.55**	**13.27**		35.63	11.26		11.00	12.46
Total investments [A] + [B].....		**57.55**	**96.30**		35.63	90.94		11.00	92.14

***** During the year 2015-16 the issuer has exercised the call option to redeem 16,500 debentures.

Note :

a) The debentures carry interest at 0.25% payable annually. Interest shall be paid within 30 days from the date of completion of year

b) Tenure : Maximum five years from the date of allotment.

c) Put option : The holder of debenture has the put option to convert or to seek redemption in full or part thereof any time after October 31, 2013. On conversion/ redemption the holder will get the face value of debenture plus interest till the date of conversion/redemption.

Note 8 - Loans

Rs. in Crores

Particulars	As at March 31, 2017 Current	Non-current	Total	As at March 31, 2016 Current	Non-current	Total	As at April 1, 2015 Current	Non-current	Total
Security deposits									
Unsecured considered good									
a) With related party.....	**–**	**–**	**–**	–	–	–	0.02	–	0.02
b) With others	**–**	**0.14**	**0.14**	–	0.14	0.14	–	0.15	0.15
Total (A)	**–**	**0.14**	**0.14**	–	0.14	0.14	0.02	0.15	0.17
Loans to related parties									
Unsecured considered good									
Inter-corporate deposits given:*									
a) Mahindra Retail Private Limited (refer Note 39)	**10.00**	**–**	**10.00**	–	–	–	–	–	–
b) Mahindra Electrical Steel Private Limited	**–**	**–**	**–**	–	–	–	–	0.17	0.17
Total (B)	**10.00**	**–**	**10.00**	–	–	–	–	0.17	0.17
Total (A+B)	**10.00**	**0.14**	**10.14**	–	0.14	0.14	0.02	0.32	0.34

***** Private Limited companies in which directors of the Company are directors.

Note 9 - Other assets

Rs. in Crores

Particulars	As at March 31, 2017 Current	Non-current	Total	As at March 31, 2016 Current	Non-current	Total	As at April 1, 2015 Current	Non-current	Total
Capital advances.....	**–**	**1.19**	**1.19**	–	–	–	–	–	–
Prepayments.....	**0.15**	**1.00**	**1.15**	0.04	1.01	1.05	0.03	1.02	1.05
Advance income tax (net of provision for tax)	**–**	**2.51**	**2.51**	–	2.44	2.44	–	2.50	2.50
Balances with government authorities									
a) CENVAT credit.....	**3.23**	**–**	**3.23**	1.24	–	1.24	0.60	–	0.60

Rs. in Crores

Particulars	As at March 31, 2017 Current	Non-current	Total	As at March 31, 2016 Current	Non-current	Total	As at April 1, 2015 Current	Non-current	Total
b) VAT credit	**3.62**	**–**	**3.62**	2.49	–	2.49	3.11	–	3.11
c) Service tax credit	**1.76**	**–**	**1.76**	2.94	–	2.94	2.78	–	2.78
d) Custom duty	**1.15**	**–**	**1.15**	1.30	–	1.30	1.48	–	1.48
	9.76	**–**	**9.76**	7.97	–	7.97	7.97	–	7.97
Others									
a) Advance to vendors	**0.07**	**–**	**0.07**	0.13	–	0.13	0.58	–	0.58
b) Surplus of plan assets over obligation - gratuity	**–**	**–**	**–**	–	–	–	–	0.18	0.18
c) Export rebate receivable	**0.64**	**–**	**0.64**	0.16	–	0.16	0.01	–	0.01
d) Export incentive receivable	**0.03**	**–**	**0.03**	0.01	–	0.01	–	–	–
e) Others	**0.28**	**0.23**	**0.51**	–	0.23	0.23	0.11	–	0.11
	1.02	**0.23**	**1.25**	0.30	0.23	0.53	0.70	0.18	0.88
Total	**10.93**	**4.93**	**15.86**	8.31	3.68	11.99	8.70	3.70	12.40

Note 10 - Inventories

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Raw materials [refer note 25]	**128.77**	154.56	125.32
b) Work-in-Progress [refer note 26]	**7.14**	2.12	12.28
c) Finished goods and semi-finished goods [refer note 26]	**11.88**	15.20	16.22
d) Stock-in-trade [refer note 26]	**13.60**	10.51	6.30
e) Stores and spares	**0.67**	0.81	0.63
Total	**162.06**	183.20	160.75
Included above, goods-in-transit:			
Raw materials	**52.53**	51.67	31.08
Stock-in-trade	**1.24**	–	–

Notes:

i) The cost of inventories recognised as an expenses during the year was Rs. 783.50 Crores (March 31, 2016 - Rs. 870.24 Crores).

ii) The cost of inventories recognised as an expenses includes Rs. 0.49 Crores (March 31,2016 - Nil) in respect of write-downs of inventory to net realisable value.

iii) The mode of valuation of inventories has been stated in note 2.5

Note 11 - Trade receivables

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment			
i) Unsecured, considered good	**0.11**	0.06	0.04
ii) Doubtful	**1.63**	1.63	1.63
	1.74	1.69	1.67
Less: Allowances for bad and doubtful debts	**(1.63)**	(1.63)	(1.63)
	0.11	0.06	0.04
b) Other trade receivables			
Unsecured, considered good	**215.90**	172.56	205.19
Total	**216.01**	172.62	205.23

Notes :

(i) The average credit period on Job work processing is 30 days and on sales of products ranges between 90 to 120 days.

(ii) As at March 31,2017, the Company had 17 customers (March 31, 2016 : 15 customers and March 31, 2015 : 17 customers) that owed the Company more than Rs. 2.00 Crores each and accounted for approximately 90% (March 31, 2016 : 90% and March 31, 2015 : 96%) of all the receivables outstanding.

Note 12 - Cash and cash equivalents and Other bank balances

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Cash and cash equivalents			
Unrestricted balances with banks			
In current account	**10.78**	4.75	6.30
Cash on hand	*****	*	*
	10.78	4.75	6.30
b) Other bank balances			
In deposit account	**85.45**	53.81	27.00
	85.45	53.81	27.00

* Represents Rs. 25,264 (2016 : Rs. 40,122 and 2015: Rs. 20,214)

Note 13 - Other financial assets

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets at amortised cost			
Interest receivable			
a) Interest accrued on deposits	**2.84**	1.46	0.52
b) Interest accrued on investments	**0.02**	0.02	0.03
c) Interest accrued on inter-corporate deposit	**0.07**	–	–
	2.93	1.48	0.55
Financial assets at fair value			
Derivatives financial instruments			
Foreign currency forward contracts	**–**	–	0.01
	–	–	0.01
Total	**2.93**	1.48	0.56

Note 14 - Share capital

Rs. in Crores

Particulars	As at March 31, 2017 Number of Shares	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Number of Shares	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Number of Shares	As at April 1, 2015 Rs. in Crores
(a) Authorised						
Equity shares of Rs. 10 each	**28,000,000**	**28.00**	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	1,875,000	18.75
	29,875,000	**46.75**	29,875,000	46.75	29,875,000	46.75
(b) Issued						
Equity shares of Rs. 10 each	**27,100,007**	**27.10**	27,100,007	27.10	27,100,007	27.10
(c) Subscribed and fully paid up						
Equity shares of Rs. 10 each	**12,100,007**	**12.10**	12,100,007	12.10	12,100,007	12.10
(d) Subscribed but not fully paid up						
Equity shares of Rs. 10 each, Rs. 7 not paid up	**15,000,000**	**4.50**	15,000,000	4.50	15,000,000	4.50
	27,100,007	**16.60**	27,100,007	16.60	27,100,007	16.60

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Rs. in Crores

Particulars	As at March 31, 2017 Number of Shares	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Number of Shares	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Number of Shares	As at April 1, 2015 Rs. in Crores
Equity shares of Rs. 10 each						
Subscribed and fully paid up						
Opening Balance	**12,100,007**	**12.10**	12,100,007	12.10	12,100,007	12.10
Fresh issue	**–**	**–**	–	–	–	–
Buy back	**–**	**–**	–	–	–	–
Closing Balance	**12,100,007**	**12.10**	12,100,007	12.10	12,100,007	12.10
Subscribed but not fully paid up						
Opening Balance	**15,000,000**	**4.50**	15,000,000	4.50	15,000,000	4.50
Fresh issue	**–**	**–**	–	–	–	–
Buy back	**–**	**–**	–	–	–	–
Closing Balance	**15,000,000**	**4.50**	15,000,000	4.50	15,000,000	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 shall have one vote. and (ii) On a poll: the voting rights of every member entitled to vote and present in person (including a company present by representative duly authorised) or by proxy shall be in proportion to his share of the paid up equity 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, 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 March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	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 March 31, 2017 Number of shares	As at March 31, 2017 % of holding	As at March 31, 2016 Number of shares	As at March 31, 2016 % of holding	As at April 1, 2015 Number of shares	As at April 1, 2015 % of holding
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	**100%**	27,100,007	100%	–	–
Mahindra and Mahindra Limited (including 6 equity shares held jointly with its nominees)	**–**	**–**	–	–	27,100,006	99.99%

Note 15 - Other equity

Rs. in Crores

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at April 1, 2015	**52.87**	**18.75**	**329.21**	**400.83**
Profit for the year	–	–	62.99	62.99
Other comprehensive income [Net of tax]	–	–	(0.28)	(0.28)
Total comprehensive income for the year	–	–	62.71	62.71
Dividend paid on equity shares (Rs. 10 per share on fully paid & Rs. 3 per share on partly paid equity share)	–	–	(16.60)	(16.60)
Dividend distribution tax	–	–	(2.79)	(2.79)
Balance as at March 31, 2016	**52.87**	**18.75**	**372.53**	**444.15**
Profit for the year	–	–	59.67	59.67
Other comprehensive income [Net of tax]	–	–	(0.32)	(0.32)
Total comprehensive income for the year	–	–	59.35	59.35
Dividend paid on equity shares (Rs. 12 per share on fully paid & Rs. 3.6 per share on partly paid equity share)	–	–	(19.92)	(19.92)
Dividend distribution tax	–	–	(3.64)	(3.64)
Balance as at March 31, 2017	**52.87**	**18.75**	**408.32**	**479.94**

Proposed dividends on Equity shares

Particulars	As at March 31, 2017
Proposed final dividend for the year ended on 31 March 2017: Rs 12 per share on fully paid & Rs. 3.6 per share on partly paid.	19.92
Dividend Distribution Tax on final dividend	4.06
	23.98

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at March 31, 2017.

Note 16 - Trade payable

Rs. in Crores

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
a) Trade payable for goods and services	**96.37**	**–**	**96.37**	76.63	–	76.63	78.59	–	78.59
b) Acceptances	**80.15**	**–**	**80.15**	47.51	–	47.51	43.96	–	43.96
c) Cash-settled share-based payments	**0.37**	**0.38**	**0.75**	0.31	0.39	0.70	0.10	0.07	0.17
Total	**176.89**	**0.38**	**177.27**	124.45	0.39	124.84	122.65	0.07	122.72

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. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note 17 - Provisions

Rs. in Crores

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	**Non-current**	**Total**	Current	Non-current	Total	Current	Non-current	Total
Provision for employee benefits									
Long-term employee benefits									
a) Provision for gratuity	**0.61**	**–**	**0.61**	0.40	–	0.40	–	–	–
b) Provision for compensated absences	**0.55**	**3.57**	**4.12**	0.48	2.64	3.12	0.62	2.09	2.71
c) Provision for post retirement medical benefit	**0.04**	**0.36**	**0.40**	0.02	0.26	0.28	0.01	0.12	0.13
Total	**1.20**	**3.93**	**5.13**	0.90	2.90	3.80	0.63	2.21	2.84

Note : The provision for long term employee benefits includes privileged leave entitlements accrued. The increase in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer Note 35.

Note 18 - Current tax

(a) Income Tax recognised in Statement of profit and loss

Rs. in Crores

Particulars	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Current tax:		
In respect of current year	**30.26**	33.00
In respect of prior year	**0.06**	0.42
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**0.30**	(0.44)
Total	**30.62**	32.98

(b) Income tax recognised in other comprehensive income

Rs. in Crores

Particulars	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligation	**(0.17)**	(0.15)
Total	**(0.17)**	(0.15)
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**(0.17)**	(0.15)
– Items that may be reclassified to profit and loss	**–**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Crores

Particulars	For the year ended on March 31, 2017	For the year ended on March 31, 2016
Profit before tax	**90.29**	95.97
Income tax expense calculated at 34.608%	**31.25**	33.21
Effect of income that is exempt from taxation	**(1.21)**	(0.87)
Effect of income that is taxable at concessional rate	**(0.23)**	(0.37)
Effect of expenses that is non-deductible in determining taxable profit	**0.75**	0.59
	30.56	32.56
Adjustments recognised in the current year in relation to the current tax of prior years	**0.06**	0.42
Income tax expense recognised in the Statement of profit and loss	**30.62**	32.98

The tax rate used for the year ended March 31, 2017 and March 31, 2016 reconciliations above is the corporate tax rate of 34.608% (including surcharge of 12% and education and higher education cess of 2% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Law.

Note 19 - Deferred tax

Rs. in Crores

Particulars	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
	As at March 31, 2017			
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**4.53**	**0.52**	–	**5.05**
Investment in optionally convertible debentures at fair value	**0.75**	**0.70**	–	**1.45**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(1.44)**	**(0.22)**	**(0.17)**	**(1.83)**
Allowance for bad and doubtful debts	**(0.56)**	–	–	**(0.56)**
FVTPL financial liabilities including derivatives	**(0.12)**	**(0.70)**	–	**(0.82)**
Total	**3.16**	**0.30**	**(0.17)**	**3.29**

Particulars	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
	As at March 31, 2016			
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	4.82	(0.29)	–	4.53
Investment in optionally convertible debentures at fair value	0.58	0.17	–	0.75
Tax effect of items constituting deferred tax assets				
Employee benefits	(1.01)	(0.28)	(0.15)	(1.44)
Allowance for bad and doubtful debts	(0.55)	(0.01)	–	(0.56)
FVTPL financial liabilities including derivatives	(0.09)	(0.03)	–	(0.12)
Total	3.75	(0.44)	(0.15)	3.16

Note 20 - Borrowings

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
From banks -			
Buyers credit (refer Note below)	**4.53**	–	–
Total	**4.53**	–	–

Note - The Company has taken buyer's credit of USD 694,007 for import of raw material under sanction of LUT extended by ICICI Bank Limited. Buyers credit carries interest rate of LIBOR plus 40 bps. Current rate of interest is 1.90% p.a.

Note 21 - Other financial liabilities

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Financial liabilities measured at amortised cost			
Overdrawn bank balances (as per books)	**0.77**	0.09	0.05
Short term deposits	**0.78**	0.70	0.74
Creditors for capital supplies/ services	**0.36**	1.04	0.15
Total (a)	**1.91**	1.83	0.94
b) Financial liabilities measured at fair value			
Derivatives financial instruments			
Foreign currency forward contracts	**4.83**	0.62	0.13
Total (b)	**4.83**	0.62	0.13
Total (a+b)	**6.74**	2.45	1.07

Note 22 - Other liabilities

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Advances received from customers	**1.72**	1.85	2.40
b) Others			
– Employee recoveries and employer contributions	**0.48**	0.49	0.56
– Statutory dues (Excise duty, service tax, TDS, VAT payable etc)	**7.15**	5.54	6.93
Total	**9.35**	7.88	9.89

Note 23 - Revenue from operations:

Rs. in Crores

Particulars	For the year ended on March 31, 2017	For the year ended on March 31, 2016
a) Revenue from sale of goods (Refer Note (i) below)	**964.69**	1,068.03
b) Revenue from rendering of services (Refer Note (ii) below)	**3.78**	5.57
c) Other operating income (Refer Note (iii) below)	**23.03**	24.32
Total	**991.50**	1,097.92

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Note :		
(i) Sale of products comprises:		
Manufactured goods		
– Steel products	**884.30**	977.45
Traded goods		
– Steel products	**80.39**	90.58
Total	**964.69**	1,068.03

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(ii) Rendering of services comprises:		
– Job work processing	**0.65**	0.52
– Installation/repairs	**0.10**	0.13
– Management fees	**3.03**	4.92
Total	**3.78**	5.57
(iii) Other operating income comprise:		
– Scrap sales	**17.62**	17.89
– Commission income	**4.88**	6.13
– Insurance claim	**0.38**	0.17
– Other operating income	**0.15**	0.13
Total	**23.03**	24.32
Total	**991.50**	1,097.92

Note 24 - Other income

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Interest income:		
– Bank deposits (at amortised cost)	**6.00**	3.75
– Investments in debt instruments	**0.02**	0.02
– Interest on inter-corporate deposits	**0.64**	*
– Other	**0.03**	0.01
b) Dividend income:		
– From long-term investments in subsidiaries	**2.04**	2.90
– From current investments	**2.61**	1.84
c) Other:		
– Liabilities no longer required written back	**0.50**	0.04
– Net gain on foreign exchange transactions and translations	**1.16**	–
– Gain on sale of current investments	**0.67**	0.02
– Gain on sale of property, plant and equipment (net of loss on property, plant and equipment sold/scrapped/written off)	**–**	**
– Net gain arising on financial assets designated as at FVTPL	**2.03**	0.76
Total	**15.70**	9.34

* Represent Rs. 14,130

** Represent Rs. 38,513

Note 25 - Cost of materials consumed

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Stock	**154.56**	125.32
Add: Purchases [includes processing charges Rs. 10.53 Crores (2016 Rs. 12.49 Crores)]	**690.75**	809.30
	845.31	934.62
Less: Closing Stock	**128.77**	154.56
Total	**716.54**	780.06

Note 26 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year: Steel products		
Finished goods	**11.88**	15.20
Work-in-progress	**7.14**	2.12
Stock-in-trade	**13.60**	10.51
	32.62	27.83
Inventories at the beginning of the year: Steel products		
Finished goods	**15.20**	16.22
Work-in-progress	**2.12**	12.28
Stock-in-trade	**10.51**	6.30
	27.83	34.80
(Increase)/Decrease in Stock	**(4.79)**	6.97

Note 27 - Employee benefits expense

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Salaries and wages	**13.70**	12.08
b) Contribution to provident and other funds (refer Note 35)	**0.86**	0.68
c) Share based payments to employees	**0.91**	1.42
d) Staff welfare expenses	**1.29**	1.01
Total	**16.76**	15.19

Note 28 - Finance costs

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Usance interest	**0.88**	0.82
b) Interest on buyers credit	**0.01**	–
c) Interest on income tax	**–**	0.13
d) Other finance cost	**0.35**	0.41
Total	**1.24**	1.36

Analysis of interest expenses by category

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) On financial liability at amortised cost	**0.89**	0.82
b) On non financial liabilities	**0.35**	0.54
Total	**1.24**	1.36

Note 29 - Other expenses

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Stores and spares consumed	**0.50**	0.41
b) Power & fuel oil consumed	**0.85**	0.90
c) Freight and handling charges	**8.89**	10.40
d) Repairs and maintenance - Buildings	**0.06**	0.04
e) Repairs and maintenance - Machinery	**0.40**	0.22
f) Repairs and maintenance - Others	**1.06**	0.99
g) Rent	**2.61**	2.60
h) Rates and taxes	**0.46**	0.33
i) Excise duty (refer Note 38)	**(0.36)**	(0.18)
j) Insurance charges	**0.33**	0.38
k) Bad debts written off	**0.05**	–
l) Net loss/(gain) on foreign currency transactions and translation	**–**	1.50
m) Fair value loss on derivatives financial instruments at fair value through profit or loss	**4.21**	0.50
n) Auditors' remuneration (refer Note below)	**0.32**	0.25
o) Legal and professional fees	**1.61**	1.06
p) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013 (refer Note 41)	**1.93**	1.92
q) Loss on sale of property, plant and equipment (net of gain on property, plant and equipment sold/scrapped/written off)	**0.04**	–
r) Other general expenses	**6.92**	7.19
s) Loss arising on derecognition of financial assets	**–**	0.26
Total	**29.88**	28.77

Note

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment to auditors		
To Statutory auditors-		
a) For audit	**0.22**	0.21
b) For other services	**0.09**	0.04
c) Reimbursement of expenses	**0.01**	*
Total	**0.32**	0.25

* Represents out of pocket expenses Rs. 34,236.

Note 30 - Contingent liabilities and commitments (to the extent not provided for)

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Contingent liabilities and commitments (to the extent not provided for):			
(i) Claims against the Company not acknowledged as debts:			
Taxation demand for various assessment years, which is being contested by the Company.	**0.32**	1.63	0.55

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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**	3.91	3.54
(ii) Commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided for	**13.78**	1.39	–
Other commitments (Refer Note below)			

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 March 31, 2018.

Note 31 - Value of imports calculated on CIF basis

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials	**276.79**	317.16
Capital goods	**0.28**	7.39

Note 32 - Expenditure in foreign currency

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Repairs and maintenance-Others	**0.01**	0.02
Miscellaneous expenses	**0.40**	0.27
Interest	**0.78**	0.82
Net loss on foreign currency transactions and translations	–	1.50

Note 33 - Details of consumption of imported and indigenous items

Rs. in Crores

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
Raw Material	**Rs. in Crores**	**%**	Rs. in Crores	%
Import	**324.99**	**45**	288.01	37
Indigenous	**391.55**	**55**	492.05	63
	716.54	**100**	780.06	100

Note 34 - Earnings in foreign exchange

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Export of goods on FOB basis	**7.19**	4.83
Commission	**4.88**	6.13
Dividend	**1.16**	1.89
Services rendered	**0.96**	0.93
Net gain on foreign exchange transactions and translations	**1.16**	–

Note 35 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of profit and loss for the year, an amount of Rs. 0.62 Crore (March 31, 2016 Rs. 0.51 Crore) as expenses under defined contribution plans.

Rs. in Crores

Benefit (Contribution to)	For the year ended March 31, 2017	For the year ended March 31, 2016
Provident fund	**0.35**	0.28
Pension fund	**0.17**	0.13
Superannuation fund	**0.10**	0.10
Total	**0.62**	0.51

(b) Defined Benefit Plans:

(i) Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests 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, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) Post retirement medical benefits:

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on March 31, 2017

Rs. in Crores

Particulars	Funded Plan – Gratuity		Unfunded Plans – Post retirement medical	
	For the year ended March 31,2017	For the year ended March 31,2016	**For the year ended March 31,2017**	For the year ended March 31,2016
I. Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1. Current service cost	**0.21**	0.18	**0.01**	–
2. Interest on net defined benefit liability/(asset)	**0.03**	(0.02)	**0.02**	0.01
	0.24	0.16	**0.03**	0.01
II. Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets	**0.01**	(0.01)	**–**	–
2. Actuarial (Gain)/Loss on account of:				
– Financial Assumptions	**0.24**	0.01	**–**	–
– Experience Adjustments	**0.11**	0.24	**0.13**	0.19
	0.36	0.24	**0.13**	0.19
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**3.30**	2.48	**0.40**	0.28
2. Fair value of plan assets as at 31st March	**2.69**	2.08	**–**	–
3. Surplus/(Deficit)	**(0.61)**	(0.40)	**(0.40)**	(0.28)
4. Current portion of the above	**(0.61)**	(0.40)	**(0.04)**	(0.02)
5. Non current portion of the above	**–**	–	**(0.36)**	(0.26)
IV. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**2.48**	2.11	**0.28**	0.13
2. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**0.21**	0.18	**0.01**	–
– Interest Expense (Income)	**0.19**	0.15	**0.02**	0.01
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actuarial Gain (Loss) arising from:				
i. Financial Assumptions	**0.24**	0.01	**–**	–
ii. Experience Adjustments	**0.11**	0.24	**0.13**	0.19
4. Benefit payments	**(0.05)**	(0.18)	**(0.04)**	(0.01)
5. Liabilities assumed/(settled) on intra group transfer	**0.12**	(0.03)	**–**	(0.04)
6. Present value of defined benefit obligation at the end of the year	**3.30**	2.48	**0.40**	0.28
V. Change in fair value of assets during the year ended March 31				
1. Fair value of plan assets at the beginning of the year	2.08	2.29		
2. Interest on plan assets	0.16	0.17		
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actual Return on plan assets in excess of the expected return	**(0.01)**	0.01		

Rs. in Crores

Particulars		Funded Plan Gratuity		Unfunded Plans Post retirement medical	
		For the year ended March 31,2017	For the year ended March 31,2016	**For the year ended March 31,2017**	For the year ended March 31,2016
4.	Contributions by employer (including benefit payments recoverable)	**0.39**	–	**0.04**	0.01
5.	Benefit paid	**(0.05)**	(0.18)	**(0.04)**	(0.01)
6.	Assets acquired/(settled) on intra group transfer	**0.12**	(0.21)		
7.	Fair value of plan assets at the end of the year	**2.69**	2.08	**–**	–
VI.	**The Major categories of plan assets**				
	– List the plan assets by category here				
	– Insurer managed funds	**2.69**	2.08	**–**	–
VII.	**Actuarial assumptions**				
1.	Discount rate	**7.05%**	8%	**7.05%**	8%
2.	Medical premium inflation	**–**	–	**6%**	7%
3.	Rate of increase in compensation levels	**10%**	10%	**10%**	10%
4.	Mortality table	IALM(2006–08) ult	IALM(2006–08) ult	IALM(2006–08) ult	IALM(2006–08) ult

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.

(c) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

Principal assumptions	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2017**	**1%**	**3.05**	**3.60**
	2016	1%	2.30	2.70
	2015	1%	1.96	2.28
Salary growth rate	**2017**	**1%**	**3.59**	**3.05**
	2016	1%	2.69	2.31
	2015	1%	2.28	1.96

Post retirement medical benefits

The benefit obligation results for the cost of paying hospitalization premiums to insurance company in future for the employee/beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2017**	**1%**	**0.37**	**0.45**
	2016	1%	0.26	0.31
	2015	1%	0.12	0.14
Medical inflation rate	**2017**	**1%**	**0.45**	**0.37**
	2016	1%	0.31	0.26
	2015	1%	0.14	0.12

(d) Expected contributions for the next year:

The Company expects to contribute Rs. 0.30 Crores to the gratuity trusts during the next financial year of 2018.

(e) Expected future benefits payable :

Gratuity

Rs. in Crores

Maturity profile of defined benefit obligation:	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Within 1 year	**0.23**	0.28	0.45
1 - 2 year	**0.24**	0.18	0.14
2 - 3 year	**0.50**	0.19	0.14
3 - 4 year	**0.22**	0.43	0.14
4 - 5 year	**0.30**	0.17	0.15
5 - 9 years	**1.38**	0.96	1.01
More than 10 years	**3.84**	3.25	3.52

Post retirement medical benefits

Rs. in Crores

Maturity profile of defined benefit obligation:	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Within 1 year	**0.04**	0.02	0.01
1 - 2 year	**0.03**	0.02	0.01
2 - 3 year	**0.03**	0.02	0.01
3 - 4 year	**0.03**	0.02	0.01
4 - 5 year	**0.03**	0.02	0.01
5 - 10 years	**0.10**	0.08	0.05
More than 10 years	**0.78**	0.64	0.21

Note 36 - Segment Reporting

The company has a single segment namely steel processing having operations mainly in India. As such there is no other separate reportable segment as defined by Ind As 108 on segment reporting.

During the year, 81% (FY 2016 85%) of the revenue from sale of steel products arose from 10 largest customers.

Note 37 - Leases

Company has taken land situated at Vadodara, Gujarat on lease for 99 years. The balance amount of lease premium paid for the period of lease of land has been disclosed as prepaid expenses and is being amortised over the period of lease on straight line basis. The amount charged to the Statement of Profit and Loss is Rs.0.01 Crore. (FY 2016 Rs. 0.01 Crore).

Note 38 - Excise duty

Excise duty disclosed under "Other Expenses" (refer Note 29) represents the difference between the excise duty on opening stock and closing stock of finished goods.

Note 39 Related party transactions:

Related party disclosures as required by Ind AS-24 "Related Party Disclosures" are given below:

(A) List of Related Parties:

Ultimate Holding Company	
M & M	Mahindra & Mahindra Limited (w.e.f. 18th January, 2016)
Holding Company	
M & M	Mahindra & Mahindra Limited (Up to 17th January, 2016)
MVML	Mahindra Vehicle Manufacturers Limited (w.e.f. 18th January, 2016)
Subsidiary Companies	
MESPL	Mahindra Electrical Steel Private Limited
MMESS	Mahindra MiddleEast Electrical Steel Service Centre (FZC)
MSSCL	Mahindra Steel Service Centre Limited
MASPL	Mahindra Auto Steel Private Limited
MMSTC	Mahindra MSTC Recycling Private Limited
Key Managerial Personnel	
	Mr. Harsh Kumar, Managing Director (Up to 30th September, 2015)
	Mr. Sumit Issar, Managing Director (w.e.f. 1st October, 2015)
	Mr. Zhooben Bhiwandiwala, Executive Director
Company which is associate of holding Company/ultimate holding Company	
MCIE	Mahindra CIE Automotive Limited (upto 17th January, 2016 of holding Company & w.e.f. 18th January 2016 of ulimate holding Company)
Company which is joint venture of holding Company/ultimate holding Company	
MLL	Mahindra Logistics Limited (upto 17th January, 2016 of holding company & w.e.f 18th January 2016 of ulimate holding Company)
Other parties with whom transactions have taken place during the year	
Fellow Subsidiaries:	
MHRIL	Mahindra Holidays & Resorts India Limited
MRL	Mahindra Retail Private Limited
MBPO	Mahindra Integrated Business Solutions Private Limited
MSONAL	Mahindra Sona Limited (upto 16th December, 2016)
NBS	NBS International Limited
MSSPL	Mahindra Sanyo Special Steel Private Limited
MFCWL	Mahindra First Choice Wheels Limited
MECP	Mahindra Engineering & Chemical Products Limited
MVML	Mahindra Vehicle Manufacturers Limited (upto 17th January, 2016)

(B) Disclosure of transactions between the Company and related parties during the year ended March 31, 2017.

(a) **(Receipt/income)/Expenditure/payment** Rs. in Crores

Particulars	Ultimate Holding Company		Holding Company			Subsidiary Companies		Fellow Subsidiaries		Company which is associate of holding company/ ultimate holding Company		Company which is joint venture of holding Company/ ulitmate holding Company	
	2017	w.e.f. 18th January, 2016	2017	w.e.f. 18th January, 2016	Up to 17th January, 2016	2017	2016	2017	2016	2017	2016	2017	2016
Purchase of finished goods	–	–	–	–	–	**3.11**	0.15	–	–	–	–	–	–
Purchase of Property, plant & equipment	**0.06**	–	–	–	0.07	*	–	–	0.03	–	–	–	–
Sale of Property, plant & equipment	–	–	–	–	0.03	**0.06**	–	–	–	–	–	–	–
Processing charges paid	–	–	–	–	–	**10.53**	12.49	–	–	–	–	–	–
Sale of finished goods **	**172.80**	35.06	**90.27**	22.03	134.62	**10.77**	32.68	–	83.67	**38.36**	115.42	–	–
Management Fees **	–	–	–	–	–	**3.03**	4.92	–	–	–	–	–	–
Deputation of personnel to related parties	**0.20**	0.05	–	–	0.14	**0.73**	0.50	**0.02**	–	–	–	–	–
Deputation of personnel from related parties	**0.04**	0.05	–	–	0.12	**0.20**	0.08	–	–	–	–	–	–
Other income	**0.17**	–	–	–	–	**0.06**	0.06	–	–	–	–	–	–
Other expenses	**3.66**	0.68	–	–	1.84	**0.42**	0.99	**0.04**	0.04	**0.06**	0.06	**0.20**	0.02
Reimbursement received from parties	**0.04**	0.01	–	–	0.05	**0.96**	0.19	*	(*)	–	–	–	–
Reimbursement made to parties	**0.59**	0.64	–	–	0.73	**0.07**	0.02	–	0.01	–	–	**0.03**	0.03
Interest received	–	–	–	–	–	**0.02**	0.02	**0.64**	–	–	–	–	–
Dividend received	–	–	–	–	–	**2.04**	2.90	–	–	–	–	–	–
Inter corporate deposits placed	–	–	–	–	–	–	–	**10.00**	–	–	–	–	–
Other Deposits placed	–	–	–	–	–	**0.05**	–	–	–	**0.02**	0.02	–	–
Investment in Equity Shares	–	–	–	–	–	**3.35**	–	–	–	–	–	–	–
Redemption of Debentures	–	–	–	–	–	–	1.65	–	–	–	–	–	–
Refund of Deposit	–	–	–	–	–	**0.05**	0.02	–	–	–	–	–	–
Dividend on equity shares paid during the current year	–	–	19.92	–	16.60	–	–	–	–	–	–	–	–

** excluding taxes

(b) Transactions with Key Management Personnel:

	As at March 31, 2017	As at March 31, 2016
	Rs. in Crores	Rs. in Crores
Managerial Remuneration		
Mr. Harsh Kumar, Managing Director @	**–**	1.05
Mr. Sumit Issar, Managing Director @	**1.00**	0.25
Mr. Zhooben Bhiwandiwala, Executive Director	**0.29**	0.48

(c) Outstanding receivables:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs. in Crores	Rs. in Crores	Rs. in Crores
From Ultimate Holding Company	**3.25**	2.67	–
From Holding Company	**2.33**	3.01	1.43
From Subsidiary Companies	**2.02**	2.68	18.44
(including Inter-corporate Deposits & Interest thereon)			
From Fellow subsidiaries	**10.07**	0.01	2.74
(including Inter-corporate Deposits & Interest thereon)			
From Company which is associate of holding Company / ultimate holding Company	**7.79**	6.07	35.95

(d) Outstanding payables:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs. in Crores	Rs. in Crores	Rs. in Crores
To Fellow Subsidiaries	*****	0.02	0.04
To Subsidiary Companies	**0.08**	–	–
To Company which is joint venture of holding Company/ultimate holding Company	**0.06**	0.09	0.07
To Key Managerial Personnel			
Mr. Harsh Kumar, Managing Director	**–**	0.22	0.40
Mr. Sumit Issar, Managing Director	**–**	–	–
Mr. Zhooben Bhiwandiwala, Executive Director	**0.29**	0.48	0.22

@ 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 related parties during the year ended March 31, 2017:

Rs. in Crores

	Subsidiary Companies							**Fellow Subsidiaries**								
Particulars	**MMESS**	**MSSCL**	**MESPL**	**MASPL**	**MMSTC**	**TOTAL**	**MHRIL**	**MRL**	**MVML**	**MBPO**	**MSONAL**	**NBS**	**MSSPL**	**MFCWL**	**MECP**	**TOTAL**
Purchase of finished goods	–	**1.53**	–	**1.58**	–	**3.11**	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(0.15)	(–)	(0.15)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Purchase of Property, plant & equipment	–	*****	–	–	–	*****	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.03)	(–)	(0.03)
Sale of Property, plant & equipment..	–	**0.06**	–	–	**(*)**	**0.06**	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Processing charges paid	–	**10.53**	–	–	–	**10.53**	–	–	–	–	–	–	–	–	–	–
	(–)	(12.45)	(–)	(0.04)	(–)	(12.49)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Sale of finished goods **	–	**9.87**	–	**0.90**	–	**10.77**	–	–	–	–	–	–	–	–	–	–
	(–)	(26.66)	(–)	(6.02)	(–)	(32.68)	(–)	(–)	(83.67)	(–)	(–)	(–)	(–)	(–)	(–)	(83.67)
Management Fees **	**0.95**	**1.66**	–	**0.42**	–	**3.03**	–	–	–	–	–	–	–	–	–	–
	(0.92)	(1.61)	(–)	(2.39)	(–)	(4.92)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Deputation of personnel to related parties	–	**0.51**	–	**0.14**	**0.08**	**0.73**	–	–	–	–	–	–	–	–	**0.02**	**0.02**
	(–)	(0.43)	(–)	(0.07)	(–)	(0.50)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Deputation of personnel from related parties	–	**0.20**	–	–	–	**0.20**	–	–	–	–	–	–	–	–	–	–
	(–)	(0.06)	(–)	(0.02)	(–)	(0.08)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Other income	–	**0.06**	–	*****	–	**0.06**	–	–	–	–	–	–	–	–	–	–
	(–)	(0.06)	(–)	(–)	(–)	(0.06)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Other expenses	–	–	–	**0.38**	**0.04**	**0.42**	**0.01**	–	–	**0.01**	–	**0.02**	–	–	–	**0.04**
	(–)	(0.93)	(–)	(0.06)	(–)	(0.99)	(0.01)	(–)	(–)	(0.01)	(0.01)	(0.01)	(–)	(–)	(–)	(0.04)
Reimbursement received from parties	**0.05**	**0.11**	–	**0.03**	**0.77**	**0.96**	–	*****	–	–	–	–	–	–	–	*****
	(0.05)	(0.12)	(–)	(0.02)	(–)	(0.19)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(*)
Reimbursement made to parties	–	**0.07**	–	–	–	**0.07**	–	–	–	–	–	–	–	–	–	–
	(*)	(0.02)	(–)	(–)	(–)	(0.02)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.01)	(0.01)
Interest received	–	–	**0.02**	–	–	**0.02**	–	**0.64**	–	–	–	–	–	–	–	**0.64**
	(–)	(–)	(0.02)	(–)	(–)	(0.02)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Dividend Received	**1.16**	**0.71**	–	**0.17**	–	**2.04**	–	–	–	–	–	–	–	–	–	–
	(1.89)	(1.01)	(–)	(–)	(–)	(2.90)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Inter corporate deposits placed	–	–	–	–	–	–	–	**10.00**	–	–	–	–	–	–	–	**10.00**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Other Deposits placed	–	**0.04**	–	**0.01**	–	**0.05**	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Investment in Equity Shares	–	–	**0.25**	–	**3.10**	**3.35**	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Redemption of Debentures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(1.65)	(–)	(–)	(1.65)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Refund of Deposit	–	**0.04**	–	**0.01**	–	**0.05**	–	–	–	–	–	–	–	–	–	–
	(–)	(0.02)	(–)	(–)	(–)	(0.02)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

Rs. in Crores

Particulars		Subsidiary Companies							Fellow Subsidiaries								
		MMESS	MSSCL	MESPL	MASPL	MMSTC	TOTAL	MHRIL	MRL	MVML	MBPO	MSONAL	NBS	MSSPL	MFCWL	MECP	TOTAL
Outstanding receivables (including Inter corporate deposit & interest thereon)	As at March 31, 2017	**0.24**	**1.71**	**0.02**	–	**0.05**	**2.02**	–	**10.07**	–	–	–	–	–	–	–	**10.07**
	As at March 31, 2016	(0.50)	(2.10)	(0.02)	(0.06)	(–)	(2.68)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.01)	(0.01)
	As at April 1, 2015	(0.22)	(15.66)	(0.03)	(2.53)	(–)	(18.44)	(–)	(–)	(2.74)	(–)	(–)	(–)	(–)	(–)	(–)	(2.74)
Outstanding payables	As at March 31, 2017	–	–	–	**0.08**	–	**0.08**	–	–	–	*	–	–	–	–	–	*
	As at March 31, 2016	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.02)	(–)	(*)	(–)	(*)	(–)	(–)	(–)	(0.02)
	As at April 1, 2015	(–)	(–)	(–)	(–)	(–)	(–)	(0.02)	(0.02)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(0.04)

* Represents amount less than Rs. 1 lakh

** excluding taxes

Note : Previous year's figures are in brackets

No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.

3. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 40 - Earnings per share:

Rs. in Crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic / Diluted		
Profit after tax for the year (Rs in Crores)	**59.67**	62.99
Weighted average number of shares Basic (B)	**16,600,007**	16,600,007
Earnings per share Basic/Diluted (Rupees) (A/B)	**35.95**	37.95
Nominal value of equity share (Rupees)	**10.00**	10.00

Note 41 - Corporate social responsibility

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 1.92 Crores (FY 2016 Rs. 1.84 Crores). CSR amount spent during the year is Rs. 1.93 Crores (FY 2016 Rs. 1.92 Crores).

Note 42 - Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the Company on the exercise date less the Face Value of the Equity Share of the Company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Schemes.

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, 31st March 2016 and 31st March 2017.

Details of stock appreciation rights outstanding as on March 31, 2017

Rs. in Crores

Particulars	Number of shares	Grant date	Expiry date	Exercise price (In Rs.)	Fair value at grant date (In Rs.)
Cash settled					
F'13 grants	1,152	28/01/2013	28/01/2021	10	89.05
F'14 grants	916	28/01/2014	28/01/2021	10	85.17
F'14 grants	913	28/01/2014	28/01/2022	10	85.17
F'15 grants	47,618	28/01/2015	28/01/2021	10	83.83
F'15 grants	47,618	28/01/2015	28/01/2022	10	83.83
F'15 grants	47,612	28/01/2015	28/01/2023	10	83.83
F'16 grants	6,335	28/01/2016	28/01/2021	10	84.51
F'16 grants	6,335	28/01/2016	28/01/2022	10	84.51
F'16 grants	6,336	28/01/2016	28/01/2023	10	84.51
F'16 grants	3,293	28/01/2016	28/01/2024	10	84.51
F'17 grants	11,608	28/01/2017	28/01/2021	10	108.75
F'17 grants	3,869	28/01/2017	28/01/2022	10	108.75
F'17 grants	3,870	28/01/2017	28/01/2023	10	108.75

Movement in Stock appreciation rights

	Particulars	Number of shares
1	The number of share options outstanding at the beginning of the year	265,207
2	Granted during the period	19,347
3	Forfeited during the year	34,964
4	Exercised during the period	62,115
5	Outstanding at the end of the period	187,475

Share Appreciation Right's exercised during the year

Particulars	Number of SAR's	Exercised date	Share price at exercise date (In Rs.)
Cash settled			
F'12 grants	3,053	15/03/2017	155.13
F'13 grants	1,150	15/03/2017	155.13
F'14 grants	916	15/03/2017	155.13
F'15 grants	47,618	15/03/2017	155.13
F'16 grants	9,378	15/03/2017	155.13

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

	Particulars	Cash settled share appreciation rights
1	Share price (In Rs.)	155.13
2	Exercise price (In Rs.)	10
3	Expected volatility (weighted-average)	12.09%
4	Expected life / Option Life (weighted-average)	5.51
5	Expected dividends yield	6.54%
6	Risk-free interest rate (based on government bonds)	6.79%

Note 43 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: 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.

[A] CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) **Trade receivables:** Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit . At 31 March 2017, the Company had 17 customers that owed the Company more than Rs. 2.00 Crores each and accounted for approximately 90% of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

(ii) **Financial instruments and cash deposits**: Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual funds or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rs. in Crores

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities						
March 31, 2017						
Non-interest bearing	**99.03**	**–**	**–**	**–**	**99.03**	**99.03**
Variable interest rate instruments*	**84.68**	**–**	**–**	**–**	**84.68**	**84.68**
Total	**183.71**	**–**	**–**	**–**	**183.71**	**183.71**
March 31, 2016						
Non-interest bearing	79.16	–	–	–	79.16	79.16
Variable interest rate instruments*	47.51	–	–	–	47.51	47.51
Total	126.67	–	–	–	126.67	126.67
April 1, 2015						
Non-interest bearing	79.70	–	–	–	79.70	79.70
Variable interest rate instruments*	43.96	–	–	–	43.96	43.96
Total	123.66	–	–	–	123.66	123.66

*** Effective interest rate is 1.5%**

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 0.85 Crore for the year ended March 31, 2017 (Rs. 0.48 Crore for the year ended 31 March, 2016)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 0.85 Crore for the year ended March 31, 2017 (Rs. 0.48 Crore for the year ended 31 March, 2016)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Crores

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
March 31, 2017						
Non-interest bearing	**284.34**	**–**	**–**	**–**	**284.34**	**284.34**
Variable interest rate instruments	**–**	**–**	**–**	**0.14**	**0.14**	**0.14**
Fixed interest rate instruments	**100.57**	**13.27**	**–**	**–**	**113.84**	**111.65**
Total	**384.91**	**13.27**	**–**	**0.14**	**398.32**	**396.13**
March 31, 2016						
Non-interest bearing	213.00	–	–	–	213.00	213.00
Variable interest rate instruments	–	–	–	0.14	0.14	0.14
Fixed interest rate instruments	56.93	11.26	–	–	68.19	66.55
Total	269.93	11.26	–	0.14	281.33	279.69
April 1, 2015						
Non-interest bearing	222.55	–	–	–	222.55	222.55
Variable interest rate instruments	–	–	–	0.15	0.15	0.15
Fixed interest rate instruments	27.71	0.17	12.46	–	40.34	40.18
Total	250.26	0.17	12.46	0.15	263.04	262.88

**** Effective interest rate is 6.85%***

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Liquidity analysis for its derivative financial instruments

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above
Derivative financial instruments				
March 31, 2017				
Gross settled:				
– foreign exchange forward contracts - liabilities	4.83			
March 31, 2016				
Gross settled:				
– foreign exchange forward contracts - liabilities	0.62	–	–	–
April 1, 2015				
Gross settled:				
– foreign exchange forward contracts - assets	0.01	–	–	–
– foreign exchange forward contracts - liabilities	0.13	–	–	–

(v) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Overdraft/ WCDL facility	**27.23**	22.91	27.45
Non-Fund Based facility: (LC, BG, LUT, LER)	**229.89**	232.22	238.12

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for contracted purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges, the derivatives covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. in Crores

Particulars	Currency	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Buyers credit	USD	**0.07**	–	–
Trade Payables	USD	**1.41**	1.27	1.02
	EURO	–	**–**	#
Payable for Property, plant and equipment	EURO	**–**	0.01	–
Capital advances	EURO	**0.02**	–	–
Receivable towards commission	USD	**0.03**	0.01	0.01
	GBP	–	**–**	##

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs. in Crores

Particulars	Currency	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Trade Payables	USD	**0.46**	0.74	0.60
	EURO	–	**–**	#
Receivable towards commission	USD	**0.03**	0.01	0.01
	GBP	–	**–**	##

Represents amount EURO 7,831.68

Represents amount GBP 361.72

(ii) Interest rate risk

Refer comment given above in maturities of financial liabilities under liquidity risk.

(iii) Raw material price risk

The Company dose not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

Note 44 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
  - interest rates and yield curves observable at commonly quoted intervals
  - implied volatilities
  - credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs. in Crores

	Fair value hierarchy as at March 31, 2017			
Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**–**	**216.01**	**–**	**216.01**
– Cash and cash equivalents	**–**	**96.23**	**–**	**96.23**
– deposits and similar assets	**–**	**0.14**	**–**	**0.14**
– Inter Corporate Deposits	**–**	**10.00**	**–**	**10.00**
– Interest receivable	**–**	**2.93**	**–**	**2.93**
Total	**–**	**325.31**	**–**	**325.31**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2017 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
– Buyer's credit	**–**	**4.53**	**–**	**4.53**
– Short term deposits	**–**	**0.78**	**–**	**0.78**
– trade and other payables	**–**	**178.40**	**–**	**178.40**
Total	**–**	**183.71**	**–**	**183.71**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2016 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	172.62	–	172.62
– Cash and cash equivalents	–	58.56	–	58.56
– deposits and similar assets	–	0.14	–	0.14
– Interest receivable	–	1.48	–	1.48
Total	–	232.80	–	232.80
Financial liabilities				
Financial liabilities held at amortised cost				
– Short term deposits	–	0.70	–	0.70
– trade and other payables	–	125.97	–	125.97
Total	–	126.67	–	126.67

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2015 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	205.23	–	205.23
– Cash and cash equivalents	–	33.30	–	33.30
– deposits with related parties	–	0.02	–	0.02
– deposits and similar assets	–	0.15	–	0.15
– Inter Corporate Deposits	–	0.17	–	0.17
– Interest receivable	–	0.55	–	0.55
Total	–	239.42	–	239.42
Financial liabilities				
Financial liabilities held at amortised cost				
– Short term deposits	–	0.74	–	0.74
– trade and other payables	–	122.92	–	122.92
Total	–	123.66	–	123.66

Financial assets/ financial liabilities measured at fair value

Financial assets/ financial liabilities measured at Fair value	Fair value as at **As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets							
Investments							
1) Mutual fund investments	**57.55**	35.63	11.00	Level 2	Net assets value declared by the respective asset management companies	NA	NA
2) Investment in optionally convertible debentures	**13.27**	11.26	12.46	Level 2	Cost approach is used. Valuation of OCD has been done by using Net asset value method.	NA	NA
Other financial assets							
Foreign currency forward contracts	–	–	0.01	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**70.82**	46.89	23.47				
Financial liabilities							
Other financial liabilities							
Foreign currency forward contracts	**4.83**	0.62	0.13	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial liabilities	**4.83**	0.62	0.13				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note 45 - First-time adoption of Ind-AS

First Time Ind AS Adoption reconciliations

(i) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015:

Rs. in Crores

Particulars	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP	**436.09**	**397.10**
Ind AS: Adjustments increase/(decrease):		
Recognition of compound financial instrument and unquoted investments (mutual funds) at fair value (net of tax)	1.65	1.13
Loss on redemption of 16,500 optionally convertible debentures designated at FVTPL (net of tax)	(0.18)	–
Recognition of cash settled share based payment liability at fair value (net of tax)	0.25	0.36
Property, plant and equipment: Decapitalisation of exchange differences (net of tax)	(0.78)	(0.96)
Net impact of Recognition of fair valuation of forward exchange contracts & Derecognition of forward premium (net of tax)	(0.26)	(0.18)
Dividends not recognised as liability until declared (Including tax on dividend)	23.98	19.98
Equity as reported under Ind AS	**460.75**	**417.43**

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

Rs. in Crores

Particulars	For the year ended March 31, 2016
Profit as per previous GAAP	62.38
Ind AS: Adjustments increase/(decrease):	
Recognition of compound financial instrument and unquoted investments (mutual funds) at fair value (net of tax)	0.52
Loss on redemption of 16,500 optionally convertible debentures designated at FVTPL (net of tax)	(0.18)
Recognition of cash settled share based payment liability at fair value (net of tax)	(0.11)
Property, plant and equipment: Decapitalisation of exchange differences (net of tax)	0.18
Net impact of Recognition of fair valuation of forward exchange contracts & Derecognition of forward premium (net of tax)	(0.08)
Remeasurements of the defined benefit liabilities/(asset) (net of tax)	0.28
Total adjustment to profit or loss	0.61
Profit or Loss under Ind AS	62.99
Other comprehensive income (net of tax)	(0.28)
Total comprehensive income under Ind AS	**62.71**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Adjustments to the Statement of cash flow - No material adjustment with respect to previous GAAP cash flow.

(iv) Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

Particulars	Notes	As at March 31, 2016 (End of Last period presented under previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind As balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance Sheet
A ASSETS							
1 Non-current assets							
(a) Property, plant and equipment	45 (vi) (1)&(2)	41.30	(2.21)	39.09	44.98	(2.50)	42.48
(b) Capital work-in-progress		11.70	–	11.70	–	–	–
(c) Goodwill		–	–	–	–	–	–
(d) Other Intangible assets		0.05	–	0.05	0.07	–	0.07
(e) Financial Assets							
(i) Investments	45 (vi) (3)	88.78	2.16	90.94	90.43	1.71	92.14
(ii) Loans		0.14	–	0.14	0.32	–	0.32
(f) Other non-current assets	45 (vi) (1)	2.67	1.01	3.68	2.68	1.02	3.70
Total non-current assets		**144.64**	**0.96**	**145.60**	**138.48**	**0.23**	**138.71**
2 Current assets							
(a) Inventories		183.20	–	183.20	160.75	–	160.75
(b) Financial Assets							
(i) Investments	45 (vi) (3)	35.57	0.06	35.63	11.00	–	11.00
(ii) Trade receivables		172.62	–	172.62	205.23	–	205.23
(iii) Cash and cash equivalents		4.75	–	4.75	6.30	–	6.30
(iv) Bank balances other than (iii) above		53.81	–	53.81	27.00	–	27.00
(v) Loans		–	–	–	0.02	–	0.02
(vi) Others		1.48	–	1.48	0.55	0.01	0.56
(c) Other current assets	45 (vi) (1)	8.30	0.01	8.31	8.69	0.01	8.70
Total current assets		**459.73**	**0.07**	**459.80**	**419.54**	**0.02**	**419.56**
Total Assets (1+2)		**604.37**	**1.03**	**605.40**	**558.02**	**0.25**	**558.27**

Particulars	Notes	As at March 31, 2016 (End of Last period presented under previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind As balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance Sheet
B EQUITY AND LIABILITIES							
1 EQUITY							
(a) Equity share capital		16.60	–	16.60	16.60	–	16.60
(b) Other equity		419.49	24.66	444.15	380.50	20.33	400.83
Total equity	45 (i)	**436.09**	**24.66**	**460.75**	**397.10**	**20.33**	**417.43**
LIABILITIES							
2 Non-current liabilities							
(a) Financial Liabilities							
Trade payables	45 (vi) (4)	0.31	0.08	0.39	0.11	(0.04)	0.07
(b) Provisions		2.90	–	2.90	2.21	–	2.21
(c) Deferred tax liabilities (Net)	45 (vi) (8)	2.80	0.36	3.16	3.58	0.17	3.75
Total non-current liabilities		**6.01**	**0.44**	**6.45**	**5.90**	**0.13**	**6.03**
3 Current liabilities							
(a) Financial Liabilities							
(i) Trade payables	45 (vi) (4)	124.92	(0.47)	124.45	123.16	(0.51)	122.65
(ii) Other financial liabilities (other than those specified in (c) below)	45 (vi) (5)	2.07	0.38	2.45	0.79	0.28	1.07
(b) Other current liabilities		7.88	–	7.88	9.89	–	9.89
(c) Provisions	45 (vi) (6)	24.88	(23.98)	0.90	20.61	(19.98)	0.63
(d) Current tax liabilities (Net)		2.52	–	2.52	0.57	–	0.57
Total current liabilities		**162.27**	**(24.07)**	**138.20**	**155.02**	**(20.21)**	**134.81**
Total equity and liabilities (1+2+3)		**604.37**	**1.03**	**605.40**	**558.02**	**0.25**	**558.27**

Note - Previous GAAP figures have been regrouped/reclassified wherever necessary.

(v) Effect of Ind AS adoption on the Statement of Profit and loss for the year ended on March 31, 2016

Particulars	Notes	Year ended March 31, 2016 (Last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
I Revenue from operations	45 (vi) (10)	1,006.78	91.14	1,097.92
II Other Income	45 (vi) (3)	8.57	0.77	9.34
III Total revenue (I + II)		**1,015.35**	**91.91**	**1,107.26**
IV Expenses				
(a) Cost of materials consumed		780.06	–	780.06
(b) Purchases of stock-in-trade (Steel products)		83.21	–	83.21
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		6.97	–	6.97
(d) Excise duty on sale of goods (including scrap sales)	45 (vi) (10)	–	91.14	91.14
(e) Employee benefits expense	45 (vi) (4)&(7)	15.46	(0.27)	15.19
(f) Finance costs		1.36	–	1.36
(g) Depreciation and amortisation expense	45 (vi) (1)&(2)	4.88	(0.29)	4.59
(h) Other expenses	45 (vi) (1),(3)& (5)	28.39	0.38	28.77
Total expenses (IV)		**920.33**	**90.96**	**1,011.29**
V Profit before tax (III - IV)		**95.02**	**0.95**	**95.97**
VI Tax Expense				
(a) Current tax		33.42	–	33.42
(b) Deferred tax	45 (vi) (7)&(9)	(0.78)	0.34	(0.44)
Total tax expense		**32.64**	**0.34**	**32.98**
VII Profit for the year (V - VI)		**62.38**	**0.61**	**62.99**
VIII Other comprehensive income		**–**	**0.28**	**0.28**
(i) Items that will not be reclassified to profit or loss				
– Remeasurements of the defined benefit liabilities/(assets)	45 (vi) (7)	–	0.43	0.43
(ii) Income tax relating to items that will not be reclassified to profit or loss	45 (vi) (7), (9)	–	(0.15)	(0.15)
IX Total comprehensive income for the year (VII - VIII)		**62.38**	**0.33**	**62.71**

Note - Previous GAAP figures have been regrouped/reclassified wherever necessary.

(vi): Notes to Reconciliation

(1) Under previous GAAP, lease hold land was considered as tangible fixed assets and was amortised over the period of the lease. Under Ind-AS,interest in lease hold land is considered as leases as per definition and classification criteria in Ind AS 17. Accordingly in respect of net written down value of leashold land as at March 31, 2016 Rs. 1.01 Crores (as at April 1, 2015 Rs. 1.02 Crores) has been classified under non-current assets and Rs. 0.01 Crore as at 31 March, 2016 (Rs. 0.01 Crores as at 1 April, 2015) to other current assets.

Similarly the amortisation of lease hold land for the year ended on March 31, 2016 of Rs. 0.01 Crore has been classified under other expenses as lease rent.

This change does not affect total equity as at April 1, 2015 and March 31, 2016, profit before tax or profit for the year March 31, 2016.

(2) Under previous GAAP, the exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of Property, plant and equipment are added to or subtracted from the cost of depreciable Property, plant and equipment to which the monetary item relates and depreciated over the remaining useful life of such assets. Under Ind AS such exchange differences do not form part of cost of Property, plant and equipment in accordance with Ind AS 21. Accordingly as on April 1, 2015 (date of first time adoption of Ind-AS) exchange differences capitalised Rs. 3.77 Crores and accumulated depreciation thereon of Rs. 2.30 Crores has been decapitalised from Property, plant and equipment and Rs. 0.96 Crores (net of deferred tax of Rs. 0.51 Crores) has been charged to other equity (retained earnings). Similarly, The Company has for the year ended March 31, 2016 derecognised Rs. 0.28 Crores from depreciation and amortisation expenses for the year ended on March 31, 2016.

(3) Under previous GAAP, Investment in optionally convertible debentures were accounted at cost & units of mutual funds were accounted at lower cost and fair value. Under the Ind-AS fair value has been adopted to account for optionally convertible debentures and units of mutual funds.

Due to adoption of fair value, the Other income has increased by Rs. 0.77 Crores for the financial year ended as on March 31 2016 with corresponding increase Investment as on March 31,2016. Similarly, as on April 1,2015 Rs. 1.71 Crores has been recognised in retained earnings with corresponding changes in Investment. During the year ended on March 31, 2016, 16,500 Optionally convertible debentures were redeemed and resulting loss on redemption of Rs. 0.26 Crore has been recognised in other expenses.

(4) Under previous GAAP the Company adopted instinsic value method for accounting compensation cost of Stock Appreciation Rights (SAR's). Under the Ind-AS fair value has been adopted to recognise liability under SAR's for the services acquired. Due to adoption of fair value, the Employee cost for the year ended March 31, 2016 is increased by Rs. 0.16 Crores.

The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 0.25 Crores [net of tax Rs. 0.14 Crores] (at April 1, 2015 an increase in total equity Rs. 0.36 Crores [net of tax Rs. 0.19 Crores]) and decrease of Rs. 0.16 Crores in profit before tax and decrease of Rs. 0.11 Crore in profit for the year ended March 31, 2016.

(5) Under previous GAAP, the Company recognised the movements in time value of forward element of forward contracts in statement of profit and loss in the year in which they arose. Under Ind AS, derivatives are initially recognised at fair value at the date the derivative contract are entered into and are subsequently remeasured to their fair value at the end of each reporting period and resulting gain or loss is recognised in the Statement of Profit and loss immediately

The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 0.26 Crores [net of deferred tax of Rs. 0.12 Crores] (at April 1, 2015 an increase in total equity Rs. 0.18 Crores [net of tax Rs. 0.09 Crores]) and decrease of Rs. 0.11 Crores in profit before tax and decrease of Rs. 0.08 Crores in profit for the year ended March 31, 2016.

(6) Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognized in the financial statements as a liability. Under IND AS, such dividends are recognized when declared by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 23.98 Crores (April 1, 2015 Rs. 19.98 Crores), but does not affect profit before tax and total profit for the year ended March 31, 2016.

(7) Under previous GAAP, acturial gains and losses on remeasurement of net defined benefit obligation were recognized in statement of profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit obligation which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of statement of profit or loss. The actuarial loss for the year ended March 31, 2016 was Rs. 0.43 Crores and the tax effect thereon Rs. 0.15 Crores . This change does not affect total equity, but there is an increase in profit before tax and in profit for the year ended March 31, 2016 of Rs. 0.43 Crores and Rs. 0.28 Crores respectively.

(8) Due to transition to Ind-AS from previous GAAP following adjustments were made to deferred tax liability (DTL) (net) as at March 31, 2016 and April 1, 2015.

Rs. in Crores

Particulars	As at March 31, 2016	As at April 1, 2015
Balance as per previous-GAAP	**2.80**	**3.58**
Increase in DTL on account of recognition of compound financial instrument at fair value	0.81	0.58
Decrease in DTL on account of loss on redemption of 16,500 optionally convertible debentures designated at FVTPL	(0.08)	–
Increase in DTL on account of recognition of cash settled share based payment liability at fair value	0.14	0.19
Decreased in DTL on account of charge of foreign currency loss/gain on foreign currency loans/liabilities taken for acquisition of fixed assets	(0.41)	(0.51)
Decreased in DTL on Net impact of Recognition of fair valuation of forward exchange contracts & Derecognition of forward premium	(0.12)	(0.09)
Increase in DTL on account of recognition of unquoted investments (mutual funds) at fair value	0.02	–
Balance as per Ind-AS	3.16	3.75

(9) Reconciliation of Deferred tax expenses/(credit) for the year ended March 31, 2016

Rs. in Crores

Particulars	For the year ended as on March 31, 2016
Deferred tax income as per Previous GAAP	**(0.78)**
Charge to Profit and loss account on account of	
DTL on account of recognition of compound financial instrument at fair value	0.23
Reversal of DTL on account of loss on redemption of 16,500 optionally convertible debentures designated at FVTPL	(0.08)
Reversal of DTL on account of recognition of cash settled share based payment liability at fair value	(0.05)
DTL on account of charge of foreign currency loss/gain on foreign currency loans/liabilities taken for acquisition of fixed assets	0.10
DTA on net impact of Recognition of fair valuation of forward exchange contracts & Derecognition of forward premium	(0.03)

Rs. in Crores

Particulars	For the year ended as on March 31, 2016
DTL on account of recognition of unquoted investments (mutual funds) at fair value	0.02
	0.19
Deferred tax income as per Ind-AS	**(0.59)**

(10) Under previous GAAP, revenue from sale of product was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense of Rs. 91.14 Crores for the year ended on March 31, 2016 is presented separately on the face of the statement of profit and loss as "Excise duty on sale of products (including scrap sale)", however there is no impact of this change on the profit of the Company.

Note 46 - Details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016.

Amount in Rupees

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	39,000	5,873	44,873
(+) Permitted receipts	–	150,236	150,236
(-) Permitted payments	–	93,834	93,834
(-) Amount deposited in Banks	39,000	–	39,000
Closing cash in hand as on December 30, 2016	**–**	**62,275**	**62,275**

For and on behalf of board of directors

Bharat Doshi	Chairman
Zhooben Bhiwandiwala	Executive Vice-Chairman
Sumit Issar	Managing Director
Sudhir Mankad **Parag Shah**	Directors
Percy Mahernosh	Chief Financial Officer
Romali Malvankar	Company Secretary

Place : Mumbai
Date : 27 April, 2017

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	5
		Mahindra Steel Service Centre Limited	**Mahindra Auto Steel Private Limited**	**Mahindra Electrical Steel Private Limited**	**Mahindra Middle East Electrical Steel Service Centre[FZC]**	**Mahindra MSTC Recycling Private Limited**
1.	The date since when subsidiary was acquired	11th November, 2009	12th December, 2013	10th June, 2009	8th August, 2004	16th December, 2016
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017
3.	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	INR
4.	Share capital	16.54	68.50	0.30	3.57	6.20
5.	Reserves & surplus	81.62	10.42	(1.21)	26.80	(0.94)
6.	Total assets	186.51	116.90	7.33	70.30	5.48
7.	Total Liabilities	186.51	116.90	7.33	70.30	5.48
8.	Investments	–	2.50*	–	–	–
9.	Turnover	244.36	107.46	–	68.24	0.03
10.	Profit before taxation	5.32	11.26	(1.05)	0.76	(0.92)
11.	Provision for taxation	1.96	4.04	(0.28)	–	0.01
12.	Profit after taxation	3.36	7.22	(0.77)	0.76	(0.93)
13.	Total comprehensive income	3.31	7.21	(0.77)	0.76	(0.93)
14.	Proposed Dividend	0.68	1.51	–	–	–
15.	% Extent of shareholding (in percentage)	61%	51%	100%	90%	50%
Names of subsidiaries which are yet to commence operations						
1.	Mahindra Electrical Steel Private Limited					
2.	Mahindra MSTC Recycling 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

Name of Associates/Joint Ventures: N.A.

1) Latest audited Balance Sheet Date –N.A.
2) Date on which the Associate or Joint Venture was associated or acquired–N.A.
3) Shares of Associate/Joint Ventures held by the company on the year end–N.A.
   - Number
   - Amount of Investment in Associates/Joint Venture
   - Extend of Holding %
4) Description of how there is significant influence–N.A.
5) Reason why the associate/ joint venture is not consolidated–N.A.
6) Networth attributable to Shareholding as per latest audited Balance Sheet–N.A.
7) Profit/Loss for the year–N.A.
   - Considered in Consolidation
   - Not Considered in Consolidation

1. **Names of associates or joint ventures which are yet to commence operations –** N.A.
2. **Names of associates or joint ventures which have been liquidated or sold during the year –** N.A.

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

Bharat Doshi
Chairman

Zhooben Bhiwandiwala
Executive Vice-Chairman

Sumit Issar
Managing Director

Percy Mahernosh
Chief Financial Officer

Romali M. Malvankar
Company Secretary

Mumbai, 27th April, 2017

Mahindra
Rise.

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